

# GLASSONBY PARISH COUNCIL

## FINANCIAL REGULATIONS

Adopted by Council on 2<sup>nd</sup> November 2016

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### **1. GENERAL**

These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of financial control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.

The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.

The RFO shall produce financial management information as required by the Council.

At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.

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In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide which is published jointly by NALC and SLCC and updated as and when required.

### **2. ANNUAL ESTIMATES (BUDGET)**

Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.

The Council shall review the budget not later than the end of January each year or any earlier date so as to meet the time scales set by the external auditor and shall fix the Precept to be levied for the ensuing financial year.

The RFO shall issue the Precept to the billing authority and shall supply each member with a copy of the approved budget.

The annual budgets shall form the basis of financial control for the ensuing year.

### **3. BUDGETARY CONTROL**

Expenditure on revenue items may be incurred up to the amounts included for that type of expenditure in the approved budget.

No expenditure should be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of the Council having considered fully the implications for public services, unspent and available reserve amounts may be moved to budget headings or to an

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earmarked reserve as appropriate to address over and under spends.

The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual payments and receipts to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter or for consideration at the next appropriate Council meeting.

Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.

No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available.

All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

**4. ACCOUNTING AND AUDIT**

All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

The RFO shall complete the annual financial statements of the Council, including the Council's Annual Return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and

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shall submit the Annual Return for approval and authorisation by the Council within the time scales set by the Accounts and Audit Regulations.

The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.

The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.

The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and Statements of Account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

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**5. BANKING ARRANGEMENTS AND CHEQUES**

The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.

A schedule of the payments required [i.e. not yet made], forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.

Cheques drawn by the Clerk on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council.

**6. PAYMENT OF ACCOUNTS**

All payments shall be effected by cheque or other order drawn on the Council's bankers.

All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved (i.e. payments in advance are not permitted).

The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.

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If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis.

#### **7. PAYMENT OF SALARIES**

As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of the Clerk's salary shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and the salary shall be as agreed by Council.

Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

#### **8. LOANS AND INVESTMENTS**

The Council will not raise any loans nor undertake any investments, except for funds held in the name of the Council by its bank.

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### **9. INCOME**

The collection of all sums due to the Council shall be the responsibility of the RFO.

### **10. ORDERS FOR WORK, GOODS AND SERVICES**

An official letter shall be issued for all work, goods and services unless a formal contract is to be prepared. Copies of letters ordering goods and services shall be retained.

All members and the RFO are responsible for obtaining value for money at all times this does not necessarily mean accepting the cheapest quote or estimate. However, a member or the RFO shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers.

The RFO shall verify the lawful nature of any proposed purchase before the issue of any order for goods or services.

### **11. CONTRACTS**

Procedures as to contracts are laid down as follows:

- a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:
  - i. for the supply of gas, electricity, water, sewerage and telephone services;
  - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or

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- equipment or plant;
  - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - v. for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
  - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. Where it is intended to enter into a contract exceeding £5,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.
- c. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the council.
- d. Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- e. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
- f. If less than three tenders are received for contracts above £5,000 or if all



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the tenders are identical the council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

- g. Any invitation to tender issued under this regulation shall be subject to Standing Order 18d, and shall refer to the terms of the Bribery Act 2010.
- h. When it is to enter into a contract of less than £10,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- i. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.
- k. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

#### **12. ASSETS**

The RFO shall ensure a record is maintained of all assets owned by the Council, recording the location, extent, plan, reference, purchase details, and current value in accordance with Accounts and Audit Regulations.

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No asset shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law.

The RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

**13. INSURANCE**

Following the annual risk assessment (per Financial Regulation 13), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.

The Clerk shall take prompt action with regards all new risks which require to be insured and of any alterations affecting existing insurances.

The Clerk shall keep a record of all insurances effected by the Council and the risks covered thereby and annually review it.

The Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.

All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

**14. RISK MANAGEMENT**

The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, where considered necessary and appropriate by the

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Council, for its approval, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

When considering any new activity, the Clerk, shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

**15. REVISION OF FINANCIAL REGULATIONS**

In accordance with Standing Order 18(b), it shall be the duty of the Council to review the Financial Regulations regularly and at least on an annual basis.

The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.