

# Narborough Parish Council

## **FINANCIAL REGULATIONS**

Based on NALC model Financial Regulations 2016

### **1. General**

1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council. Financial regulations must be observed in conjunction with the Council's standing orders and any individual financial regulations relating to contracts.

1.2 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 internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

1.3 The Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs.

1.4 The RFO shall be responsible for the production of timely financial management information.

1.5 Periodically, 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.

### **2. Accounting and Audit**

2.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by current Accounts and Audit Regulations.

2.2 On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.

2.3 The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the financial year and shall submit them to and report thereon to the Council. The Annual Return (which is subject to internal and external audit) shall be presented to Council for formal approval prior to submission for external audit.

2.4 Any officer or Member of the Council shall, if the RFO requires, make available such documents of the Council as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

2.5 The internal audit of the Council's financial affairs shall be carried out as required by current regulations by an appropriately qualified independent auditor. The Council shall receive, consider and act upon as appropriate, the Internal Auditor's annual report.

2.6 The internal auditor shall:

- be competent and independent of the financial operations of the council;
- report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- have no involvement in the financial decision making, management or control of the Council.

2.7 Internal or external auditors may not under any circumstances:

- perform any operational duties for the council;
- initiate or approve accounting transactions; or
- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

2.8 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

2.9 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

### **3. Annual Estimates**

3.1 Each Working Group of the Council, where appropriate, shall submit proposals to the Policy & Finance Working Group (PFWG) in respect of revenue services and capital projects for inclusion in the budget as required by the PFWG no later than the December meeting of the Council each year.

3.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments for capital projects, shall be prepared each year by the RFO.

3.3 The PFWG shall review the estimates and submit them to the Council not later than the January meeting of the Council in each year and shall recommend to the Council a precept to be levied by the required date for the ensuing financial year. The RFO shall supply each Member with a copy of the approved estimates.

3.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

### **4. Budgetary Control**

4.1 Expenditure may be incurred up to the amounts included under each budget heading.

4.2 No expenditure may be incurred which cannot be met from the amount provided under the appropriate budget heading unless approved by the Council. The Clerk shall be authorised to incur expenditure up to £1000 in other exceptional circumstances to cover emergency situations and up to £500 for any other circumstances.

4.3 The RFO shall provide the Council at each monthly meeting with a statement of income and expenditure to the end of the previous month under each heading of the approved annual revenue and capital budgets.

4.4 Unspent provisions in the revenue budget shall not automatically be carried forward to a subsequent year.

4.5 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 it is contained within the appropriate budget heading or capital fund and that the funds are available or the requisite borrowing approval can be obtained.

### **5. Banking Arrangements and Orders for Payments**

5.1 The Council's banking arrangements shall be approved by the Council and arranged by the RFO. Two current accounts shall be maintained - general and imprest. Up to six Members of the PFWG and the RFO and the Deputy Clerk shall be authorised by bank mandate to sign cheques

on the general account and the RFO and the Deputy Clerk similarly on the imprest account. Upon signing, Members shall initial the cheque counterfoils. All payments from the general account (including those to the imprest account and to petty cash) shall be authorised by the signatures of two Members of the PFWG and of the RFO or Deputy Clerk who shall have satisfied themselves that the payments accord with the decisions of the Council. A schedule of payments made shall be submitted to each meeting of the Council and approved at that meeting.

5.2 All payments from the imprest account shall be authorised by the signature of the RFO or Deputy Clerk who shall have satisfied themselves that the payments accord with the decisions of the Council. A schedule of payments made shall be available to each meeting of the Council.

## **6. Payment of Accounts**

6.1 Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the Council's bankers.

6.2 All invoices for payment shall be examined, verified and certified by the Clerk who, before certifying an invoice, shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 The RFO shall examine invoices in relation to arithmetical accuracy and authorisation and shall take all possible steps to settle all invoices submitted (which are in order) within 30 days of their receipt.

6.4 The RFO shall maintain a petty cash float to a limit of £350 for the purpose only of defraying operational and other expenses, for which a voucher must be produced for each payment. Payments to maintain the petty cash float shall be shown separately on the schedule of payments made, submitted to each meeting of the Council.

## **7. Payment of Salaries and Wages**

7.1 All time sheets shall be approved by the Clerk. The RFO shall pay salaries and wages from the imprest account in accordance with the payroll records.

7.2 The imprest account shall not be allowed to be overdrawn at the bank. Therefore, funds shall be made available from the Council's general account by monthly standing order and shown separately on the schedule of payments report submitted to each meeting of the Council.

## **8. Loans and Investments**

8.1 All loans and investments shall be negotiated by the RFO in the name of the Council and shall be in accordance with Council policy.

8.2 All investments of money under the control of the Council shall be in the name of the Council.

8.3 All borrowings shall be effected in the name of the Council.

8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **9. Income**

9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

9.2 The Council will review all fees and charges at regular intervals, following a report of the Clerk.

9.3 Any bad debts shall be reported to the Council.

9.4 All sums received on behalf of the Council shall be deposited in the general account by the RFO with such frequency as the RFO considers necessary.

9.5 Personal cheques shall not be cashed out of money held by the Council.

## **10. VAT**

10.1 The RFO shall promptly complete all VAT returns required, claiming all repayments due in accordance with current VAT regulations.

## **11. Orders and Contracts for Work, Goods and Services**

11.1 The regular supply of goods and services to the Council shall be reviewed annually as part of the budget process and be subject to approval by the Council.

11.2 Orders and contracts for the individual supply of goods and services, in accordance with the decisions made by the Council, shall be made or entered into in writing by the Clerk and copies of such orders and contracts shall be maintained.

11.3 Three quotes shall be obtained for the supply of goods or services in excess of £1000, wherever possible.

11.4 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order 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, subject to any de minimis provisions in Regulation 12.1 below.

11.5 Orders and contracts between £1000 and £60,000 shall, whenever possible, be made on the basis of three quotes.

11.6 As a matter of policy, the Council will not require three quotes for orders or contracts in the band £1000 to £60,000 in the following circumstances:

- Where there are less than three suppliers of the goods or service in the county area
- Where the supplier has provided a similar service or goods within the last six months
- Where the order or contract needs to be entered into urgently and delay would cause an unacceptable risk to the Council or public health and safety
- Where the value of the contract or service is less than £2,000 and an adequate comparison can be made from published price lists without recourse to suppliers.

In all other circumstances, contracts and orders will only be entered into following consideration of three quotes.

Individual order or contracts will not be artificially subdivided in order to avoid these policy requirements.

## **12. Contracts**

12.1 A contract for the supply of goods, services, materials and the execution of works with an estimated value in excess of £60,000 shall be procured on the basis of a formal tender, in accordance with Standing Order 18(d).

- a) Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations in force at that time.

b) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).

12.2 All such supplies and works shall be monitored by the Clerk.

### **13. Stores and Equipment**

13.1 The staff of the Council shall be responsible for the care and custody of stores and equipment.

13.2 Delivery notes must be obtained in respect of all goods received and goods must be checked as regard quality at the time delivery is made.

### **14 Properties and Estates**

14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which it is held.

14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.

### **15. Insurance**

15.1 The RFO shall effect, keep a record of and regularly review all insurances and negotiate all claims on the Council's insurers.

15.2 The RFO shall notify the Council of any loss liability or damage or of any event likely to lead to a claim.

15.3 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

### **16. Risk Management**

16.1 The Council is responsible for putting in place arrangements for the management of risk which shall be reviewed as considered necessary and at least annually.

### **17. Revision of Financial Regulations**

17.1 The PFWG shall review these financial regulations annually and make such recommendations to the Council as considered necessary.

NPC FINREGS March 2014.doc

Reviewed March 2015 no amendments

Reviewed February 2016 amendments: 1.1 part, 1.2, 2.2, 2.6, 2.8, 2.9, 4.2, 11.4, 11.5,  
12.1 a and b and policy renumbered