

# **GREAT WALTHAM PARISH COUNCIL**

## **FINANCIAL REGULATIONS**

**I P Bradley  
Responsible Financial Officer  
July 1999  
Revised January 2003  
Revised January 2004  
Revised April 2004**

Financial Regulations.....

## **1. General**

(a) These financial regulations shall govern the conduct of the financial transactions of Great Waltham Parish Council and may only be amended or varied by resolution of the Council.

(b) The responsible financial officer (RFO) under the policy and direction of the Council shall be responsible for the proper administration of the Council's financial affairs. Unless otherwise determined by the Parish Council the Clerk to the Council will be appointed as the Responsible Financial Officer.

(c) The RFO shall be responsible for the production of financial management information.

## **2. Annual Estimates.**

(a) Each Committee shall formulate and submit proposals to the Council in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the end of September each year.

(b) Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO, and submitted to the Finance and General Purposes Committee.

(c) The Finance and General Purposes Committee shall review, and amend as necessary the estimates and submit them for approval to the full Council in November of each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the proposed estimates.

(d) The approved annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

## **3. Budgetary Control**

(a) No expenditure is to be incurred over £250 without prior approval by the Parish Council.

(b) No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget unless a virement has been approved by the Council.

(c) The RFO shall quarterly provide the Finance and General Purposes Committee with a statement of income and expenditure to date and committed and forecast income and expenditure under each head of the approved annual revenue and capital budgets.

(d) The Clerk to the Council may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of extreme urgency and must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £100. Expenditure over £100 and up to £250 with the approval of the Chairman. The Clerk shall report such action to the Council as soon as practicable thereafter.

(e) The Clerk to the Council may incur expenditure on stationary and other matters to carry out the administrative functions of the Council, but only up to the limit set in the revenue budget.

(f) Where expenditure is incurred in accordance with regulation 3(d) above and the sum required cannot be met from savings made elsewhere within the Council's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Council.

(g) No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on the capital account unless the Council is satisfied that it is contained in the

rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.

(h) All capital works shall be administered in accordance with the Council's Standing Orders and financial regulations relating to contract's. (see Standing Order 76 and Section 11 - 13 of these Financial Regulations)

#### **4. Accounting and Audit**

(a) The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after 31<sup>st</sup> March in each year and shall submit them to and report thereon to the Finance and General Purposes Committee.

(b) The Responsible Financial Officer shall supply to each member as soon as practicable after 31<sup>st</sup> March in each year a statement of the receipts and payments of the Council for the completed financial year. A financial Statement prepared on the appropriate accounting basis (receipts and payments, or income and expenditure) for the year to 31<sup>st</sup> March shall be presented to each member before the end of the following month of May. The Statement of Accounts of the Council (which is subject to external audit) shall be presented to Council for formal approval before the end of the following month of September.

(b) The annual accounts submitted to the full Council shall be adopted as unaudited accounts, and shall be signed by the Chairman and RFO.

(d) Following the annual external audit of the accounts the RFO shall present a report of that Audit to the Parish Council.

(e) The Council as advised by the RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in **accordance with the appropriate Accounts and Audit Regulations communicated by the Audit Commission and external auditor.**

**THE SCHEDULE OF WORKS FOR THE INTERNAL AUDITOR ARE AS FOLLOWS:**

#### **SCHEDULE OF WORKS.**

1. To ensure that the Council has:
  - Adopted Standing Orders
  - Adopted Financial Regulations
  - Appointed a Responsible Financial Officer
  - Adopted a Code of Conduct.
  - Maintains a register of declarations of Acceptance of Office
  - Maintains the registration of Member's interest.
  - Maintains a book for declaration of member's interest.
2. To ensure that a receipts and payments book is maintained, up to date and is arithmetically correct and balanced on a regular basis.
3. To ensure that items or services have been procured in accordance with the procedures laid down in the Financial Regulations
4. To ensure that VAT on payments have been identified, recorded and reclaimed.
5. To ensure that Section 137 expenditure has been separately recorded and is within statutory limits.
6. To identify whether the Minutes indicates any unusual financial activity.
7. To check that the Parish Council carries out an annual risk assessment and annually reviews the insurance cover.
8. To check that the insurance cover in place is appropriate and adequate.
9. To check that internal financial controls are adequate and regularly reviewed.
10. To ensure that the Parish Council has prepared an annual budget in support of its precept.
11. To check that expenditure incurred is regularly compared to the budget and variances reported to the Parish Council.
12. To check that income is properly recorded and promptly banked.

13. To check that the precept recorded in the receipts and payment book agreed to the Chelmsford Borough Council's notification.
14. To ensure that security controls over cash are adequate and effective.
15. To check that out of pocket expenses are recorded and supported by VAT invoices/receipts where applicable.
16. To check that salaries and other payments made agree with those approved by the Council and that where applicable PAYE/NIC has been properly operated by the Council as an employer.
17. To check that a register of all material assets and investments owned by the Council is kept, and is up to date, and tally with the insurance valuations for those assets.
18. To check that bank reconciliation's are carried out regularly and that there are no unexplained balances.
19. To check that the year-end accounts are prepared on a Receipts and Payments basis, and that they agree to the receipts and payments book and that there is an audit trail from the underlying financial records to the accounts.
20. To prepare a written report to Great Waltham Parish Council Finance and General Purposes Committee following the intermediate (to take place in September each year) and final audit. (to take place in May each year). In exceptional circumstances such as the discovery of a major loss, break down in controls, or significant non-compliance with laid down systems and procedures the Internal Auditor will report personally to the Council.
21. To carry out any other work required enabling the internal auditor to complete Section 4 of the Annual Return.

## **5. Banking Arrangements and Cheques.**

(a) The Council's banking arrangements shall be made by the RFO and approved by the Council. Two accounts will be held as follows:

Current Account.

Deposit Account

The Deposit Account will be made up from the Clerks Gratuity Account and the Capital Works Account. Separate records will be maintained within the Parish Council accounts to identify the current balance on the Clerks Gratuity Account and the Capital Works Account.

## **6. Payment of Accounts/Cheques**

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

(b) All invoices for payment shall be examined, verified, checked for arithmetical accuracy and certified by the RFO, and stamped accordingly. Before certifying an invoice the RFO shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

(c) (Standing Order 54) All accounts for payment and claims upon the Council shall be laid before the Council. The RFO will present cheques for signature at the monthly meetings of the Parish Council, together with supporting documentation. Cheques will be signed, and cheque stubs will be initialed by two members of the Parish Council (Standing Order 40)

(d) (Standing Order 54) Cheques may be authorised by any two councillors between monthly meetings in cases of urgency. Any urgent payments for which cheques have been drawn and signed between meetings will be presented at the next available monthly meeting for confirmation.

(d) For accounts over £2000 verification and certification of the invoice for payment should be undertaken by the RFO and at least one other Council member.

## **7. Employees.**

- (a) All employees of the Parish Council shall have a Contract of Employment and job description.
- (b) The RFO shall be responsible to ensure that all employees are subject of deduction of Income Tax, National Insurance contributions where required.

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

- (a) The payment of all salaries and wages shall be made by the RFO from the current business account in accordance with the levels approved by the Council.
- (b) Rates of pay are to be reviewed annually. (see Standing Order 14) .

## **9. Loans, Grants and Investments (Receivable).**

- (a) All loans, grants and investments shall be negotiated by the RFO in the name of the Council and with the approval of the Council, and shall be for a set period of time in accordance with Council policy. Any changes to loans and investments should be reported to the Council at the earliest opportunity.
- (b) All loans and investments of money under the control of the Council shall be made in the name of the Council.
- (c) All borrowings shall be effected in the name of the Council.
- (d) All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- (e) All loans to be the subject of a quarterly report to the Finance and General Purposes Committee.

## **10. Income**

- (a) The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- (b) Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.
- (c) The Council will review all fees and charges annually following a report by the Clerk.
- (d) Any overdue accounts and bad debts shall be reported to the Finance and General Purposes Committee quarterly meetings.
- (e) All sums received on behalf of the Council shall be handed to the RFO for banking. In all cases all receipts shall be deposited with the Council's bankers within seven days.
- (f) A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying in slip.
- (g) Personal cheques shall not be cashed out of money held on behalf of the Council.

## **11. Orders for Work, Goods or Services.**

- (a) An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders issued shall be maintained.

(b) All Councillors are responsible for obtaining value for money at all times. The RFO issuing an official order is to ensure as far as possible that the best available terms are obtained in respect of each transaction.

***(c) Where appropriate competitive quotations will be obtained for the provision of all work, goods or services with an estimated cost of more than £1,000 and less than £9999.***

## **12. Contracts**

(a) Advertising Contracts

(i) Where it is intended to enter into a contract exceeding £10,000 but not exceeding £50,000 in value for the supply of goods or materials or for the execution of works, the clerk shall give at least three weeks public notice of such intention in the same manner as public notice of meetings of the Council is given.

(ii) Where the value of the intended contract exceeds £50,000 similar notice shall be given in addition in such newspapers circulating in the District as the Council shall direct.

(a) Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £10,000 shall be procured on the basis of a formal tender as summarised in (b) below.

(b) Any formal tender process shall comprise the following steps:

(i) a public notice of intention to place a contract as per (a (i) or (ii) above.

(ii) a specification of the goods, materials, services and execution of works shall be drawn up;

(iii) tenders are to be sent, in a sealed envelope, to the Clerk by stated date and time;

(iv) tenders submitted are to be opened, after the stated closing date and time by the Clerk and at least two members of the Council except where the tender is estimated to be above £50,000 then the tenders shall be opened by the Responsible Financial Officer in the presence of the Finance and General Purposes Committee.

(v) tenders are then to be assessed and reported to the appropriate meeting of the Council or Committee.

(a) The Council, nor any Committee, is not bound to accept the lowest tender, estimate or quote. Any tender notice shall contain a reference to the Standing Order 60,62 &63 regarding improper activity.

(d) If no tenders are received or if all the tenders are identical the Council may make arrangements for procuring the goods or materials or executing the works as it thinks fit.

(b) The Standing Orders above shall not relate to the following contracts:

(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 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.

## **13. Payments Under Contracts for Building or Other Construction Works**

(a) Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract.

(b) Where contracts provide for payments by installments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of the work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the Council.

(c) Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing. The Council shall be informed where the final cost is likely to exceed the financial provision.

#### **14. Stores and Equipment**

- (a) The Clerk shall be responsible for the care and custody of stores and equipment.
- (b) Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time the delivery is made.
- (c) Stocks shall generally be maintained at minimum levels consistent with operational requirements.
- (d) The appointed Internal Auditor shall be responsible for an annual check of all stocks and stores.

#### **15. Properties**

- (a) The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk 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 held in accordance with regulation 4(3)(b) of the Accounts and Audit Regulations 1996.
- (b) No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the estimated value of any one item does not exceed £50.

#### **16. Management of Risk**

- (a) Annually the RFO, following the good practice guidance provided by appropriate authorities, shall prepare and document the Council's risk assessment and identify what arrangements are in place to manage all identified risks.**
- (b) Annually the Council shall carry out an assessment of the risks facing the Council, using as a basis the document prepared by the RFO. They must take appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.**
- (c) The RFO shall effect all insurance's and keep a record of all insurances by the Council and the property and risks covered thereby.**
- (d) Annually the RFO will, as part of the risk assessment exercise, review the Council's insurance cover, including specifically the Fidelity Guarantee cover and ensure that it is consistent with the Council's annual assessment of risks (see a).**
- (e) The RFO shall be notified of any loss liability or damage or any event likely to lead to a claim.**
- (f) The RFO shall negotiate all claims on the Council's insurers in consultation with the clerk.**
- (g) The RFO will ensure that insurance policies held by the Council are reviewed annually.**

#### **17. Grants and Loans by the Parish Council to other Organisations.**

- (a) All grants/loans made are to be approved by the Council.
- (b) All applications for grant/loan are to be supported by:
  - (i) Current financial position.

- (ii) The previous years income and expenditure account.
- (iii) The projected expenditure for the next year.

(c) All loans made will be subject of a loan agreement. The loan agreement will specify:

- (i) the amount of the loan
- (ii) the interest payable
- (iii) the repayment period.
- (iv) the due date for repayment(s) to be made.

(d) All loans made and status of repayments are to be the subject of a quarterly report to the Finance and General Purposes Committee.

#### **18. Revision of Financial Regulations.**

(a) The Financial Regulations of the Council shall be subject to regular review, at least once every four years.