

# **TUTBURY PARISH COUNCIL**

## **FINANCIAL REGULATIONS**

**(Reviewed June 2007)**

### **1.0 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.
- 1.2 The clerk/responsible financial officer (RFO), under the policy direction of the council shall be responsible for the proper administration of the council's financial affairs.
- 1.3 The clerk/RFO shall be responsible for the production of financial management information.

### **2.0 ANNUAL ESTIMATES**

- 2.1 The council shall formulate proposals in respect of revenue and capital costs for the following financial year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the clerk/RFO.
- 2.3 The council shall confirm the estimates not later than the end of January each year and shall fix the precept to be levied for the ensuing financial year. The clerk/RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.

### **3.0 BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the total amount provided in the revenue budget.
- 3.3 The clerk/RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.4 The clerk may incur expenditure on behalf of the council, for the supply of goods and services, within budgetary provisions subject to a limit of £100.
- 3.5 The clerk in consultation with the chairman may incur expenditure on behalf of the council, for the supply of goods and services whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. In an emergency involving danger to community life, health or property, this amount may be increased to £1,000.
- 3.6 The clerk to the council shall report expenditure in 3.2 and 3.5 as soon as practicable.
- 3.7 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.8 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, or the requisite borrowing approval has been obtained.

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

#### **4.0 ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the council shall be determined by the clerk/RFO as required by the Accounts and Audit Regulations 1996 as amended.

- 4.2 The clerk/RFO shall be responsible for completing the annual financial statements of the council as soon as practicable after the end of the financial year and shall submit them and report thereon to the council.

- 4.3 The clerk/RFO shall be responsible for completing 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 for submitting the annual return for approval and authorisation by the council within the timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the auditor.

- 4.4 The clerk/RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. Any officer or member of the council shall, if the clerk/RFO or internal auditor requires, make available such documents of the council which appear to the clerk/RFO or internal auditor to be necessary for the purpose of the internal audit and shall supply and clerk/RFO or internal auditor with such information and explanation as the clerk/RFO or internal auditor considers necessary for that purpose.

- 4.5 The internal auditor shall carry out the work required by the clerk/RFO, or by the council, with a view to satisfactory completion of the internal auditor's report section of the annual return as compiled annually by the Audit Commission. The internal auditor, who shall be competent and independent of the operations of the council, shall report to the council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

- 4.6 The clerk/RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.

- 4.7 The clerk/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.

#### **5.0 BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The council's banking arrangements shall be made by the clerk/RFO and approved by the council. They shall be periodically reviewed for efficiency.

- 5.2 The payments required, shall form part of the agenda for the meeting and are presented by the clerk/RFO, together with the relevant invoices to the council. If the payments are in order they shall be authorised by a resolution of the council and shall be initialled by the chairman or two members at the meeting. Details may be shown in the minutes of the meeting.

- 5.3 Cheques drawn on the bank account in accordance with paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of the council, and countersigned by the clerk.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil, the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

## **6.0 PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or direct debit drawn on the council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the clerk/RFO. The clerk shall satisfy him/herself that the work, goods or services, to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.3 The clerk/RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available council meeting.
- 6.4 If 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 the council, where the clerk/RFO verify that there is no dispute or other reason to delay payment, the clerk/RFO may (notwithstanding paragraph 6.3) take all steps necessary to settle such invoices provided that such payments are reported to the next appropriate meeting of the council.
- 6.5 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/RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **7.0 PAYMENT OF SALARIES & EXPENSES**

- 7.1 The payment of all salaries and expenses shall be made in accordance with payroll and expenses records under the rules of PAYE and National Insurance currently operating, salaries and expenses shall be as agreed by the council.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for Tax, National Insurance, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available council meeting.

## **8.0 LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated in the name of the council and shall be for a set period.
- 8.2 The council's investments shall be in accordance with the Trustee Act 2000, and shall be reviewed on a periodic basis.
- 8.3 All investments of money under the control of the council shall be in the name of the council.

- 8.4 All borrowings shall be affected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the council as to terms and purpose.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the clerk/RFO.

## **9.0 INCOME**

- 9.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the clerk/RFO.
- 9.2 The clerk/RFO shall be responsible for the collection of all accounts due to the council.
- 9.3 The council will review all fees and charges annually, following a report by the clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5 All sums received on behalf of the council shall be banked intact. In all cases, all receipts shall be deposited promptly. The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.7 The clerk/RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year-end.

## **10.0 ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1 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 shall be retained.
- 10.2 All members and officers are responsible for obtaining value for money at all times. The Clerk when 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 quotations or estimates from appropriate suppliers, subject to provisions in regulation 11 (1) below.
- 10.3 The clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the clerk shall ensure that the statutory authority is reported to the meeting at which the order is approved so that the minutes can record the power being used.

## **11.0 CONTRACTS**

- 11.1 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 or by lawful

resolution of the council provided that these regulations shall 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 consists of repairs to or parts for existing buildings, machinery, equipment of 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 £250 (in excess of this sum the clerk and RFO shall act after consultation with the chairman of the council)
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where is intended to enter into a contract exceeding £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 shall invite tenders from at least three firms to be taken from an appropriate approved list.
- (c) When financial regulations relating to contracts are waived to enable a price to be negotiated without competition, the reason shall be embodied in the council minutes.
- (d) Any 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) The clerk in the presence of at least one member of the council shall open all sealed tenders at the same time on the prescribed date.
- (f) If less than three tenders are received for contracts above £10,000 or if all 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 contain a statement to the effect of standing orders 6.1, 6.3 & 6.4.
- (h) When it is intended to enter into a contract less than £10,000 but more than £5,000 in value for the supply of goods or materials, works or specialist services as are except as set out in paragraph (a) the clerk shall obtain three estimates or quotations (priced descriptions of the proposed supply).
- (i) If less than three estimates or quotations are received for contracts less than £10,000 but more than £5,000, the council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (j) Where the value of any contract is below £5,000 and above £500 the clerk/RFO shall publicise the intention to enter into the contract in the public notice of a meeting of the council and provisions of regulation 10 (3) above shall apply.

- (k) The council shall not be obliged to accept the lowest or any tender, quote or estimate.

## **12.0 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the clerk/RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 Where contracts provide for payment by instalments the clerk/RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum by 5% or more the variation shall be reported to the council.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the council and the clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

## **13.0 STORES AND EQUIPMENT**

- 13.1 The clerk or designated contractor shall be responsible for the care and custody of any stores and equipment.
- 13.2 Delivery notes shall be obtained in respect of all goods received or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The clerk/RFO shall be responsible for periodic checks of stocks and stores.

## **14.0 PROPERTIES AND ESTATES**

- 14.1 The clerk shall make appropriate arrangements for the custody of all title deeds of 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 as amended.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law, save where the estimated value of any one item of tangible moveable property does not exceed £50.

## **15.0 INSURANCE**

- 15.1 The clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the council. The clerk/RFO shall affect all insurances and negotiate all claims on the council's insurers.

- 15.2 The clerk shall give prompt notification to the council of all new risks, properties and equipment that required to be insured and of any alterations affecting existing insurances.
- 15.3 The clerk/RFO shall keep a record of all insurances affected by the council and the property and risks covered thereby and annually review it.
- 15.4 The council shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to the next available meeting.
- 15.5 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.

## **16.0 RISK MANAGEMENT**

- 16.1 The clerk/RFO shall prepare and promote risk management statements in respect of all activities of the council.
- 16.2 When considering any new activity the clerk/RFO shall prepare a draft risk management policy for the activity and shall bring a draft addressing the legal and financial liabilities and risk management issues that arise to council for consideration and, if thought appropriate, adoption.

## **17.0 REVISION OF FINANCIAL REGULATIONS**

- 17.1 It shall be the duty of the council to review the financial regulations of the council from time to time.