

# GRISTHORPE ANDLEBBERSTON PARISH COUNCIL FINANCIAL REGULATIONS

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## 1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the council and may only be amended or varied by resolution of the council.
- 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 council's accounting control systems must include measures:-
  - for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of public money;
  - to prevent and detect inaccuracy and fraud; and
  - identifying the duties of officers
- 1.4 At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practises.
- 1.5 A breach of these Regulations by an employee is gross misconduct.
- 1.6 Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.7 The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- 1.8 The RFO:-
  - The Responsible Financial Officer (RFO), under the policy direction of the council, shall be responsible for the proper administration of the Council's affairs.
  - Determines on behalf of the council its accounting records and accounting control systems.
  - Ensures the accounting control systems are observed.
  - Maintains the accounting records of the council up to date in accordance with proper practises.
  - Assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
  - produces financial management information as required by the council.
- 1.9 The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record or receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.

1.10 The accounting records determined by the RFO shall in particular contain:-

- entries of all sums of money received and expended by the council in the matters to which the receipts and payments account relate; and
- a record of assets and liabilities of the council.

1.11 The accounting control systems determined by the RFO shall include:-

- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- measures to ensure the risk is properly managed.

1.12 The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:-

- setting the final budget or the precept (Council Tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the Power of General Competence; and
- addressing recommendations in any report from the internal or external auditors.

Shall be a matter for full council only.

1.13 In addition the council must:-

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment in excess of £5000.

1.14 In these financial regulations, references to the Accounts and Audit Regulations or “the regulations” shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term “proper practise” or “proper practises” shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the website of NALC and the Society of Local Council Clerks (SLCC) – *A Practitioners' Guide*, available from the websites and SLCC.

## **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

2.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate Guidance and

proper practises.

- 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 financial statements of the council as soon as possible after the end of the financial year and shall submit them and report thereon to the council at the next council meeting.
- 2.4 The RFO shall ensure that there is an effective system of internal audit of the council's accounting, financial and other operations. 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 be necessary for the purpose of the internal audit.

The internal auditor shall be competent and independent of the council and shall carry out at least one audit per year and report these in writing to the council.

2.5 The internal auditor shall:-

- 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.

2.6 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.

2.7 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts 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.

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

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

3.1 Detailed estimates for all receipts and payments for the following year shall be prepared each year by the RFO. Each councillor will be supplied with a copy of the approved estimates. The annual budgets shall form the basis of financial control for the ensuing year.

- 3.2 The council shall fix the precept (Council Tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year.

#### **4. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

- 4.1 The clerk may incur expenditure on behalf of the council which is necessary on a basis of extreme urgency (up to £500), even if it has not been budgeted for. The clerk shall inform the council of this as a matter of priority.
- 4.2 No expenditure shall be incurred or contract entered into unless the council are satisfied that the necessary funds are available.
- 4.3 All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 4.4 The RFO will provide the council with statements.

#### **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- 5.1 The council's banking arrangements, made by the RFO, must be approved by the council.
- 5.2 A list of payments required, together with the relevant invoices, forming part of the agenda, shall be presented by the RFO at each meeting the list of payments is in order and the council agrees to the payment, cheques to cover each payment must be signed by two signatories, who will also sign the payments list and initial the cheque counterfoils. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information).
- 5.3 The clerk must be satisfied that all work or services have been carried out and/or goods received before payment is made.
- 5.4 The RFO will check invoices for accuracy.
- 5.5 The clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:-
- 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 the council, where the clerk or RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council;
  - payments must always be made by cheque;
  - in respect of grants full council shall approve expenditure within any limits and in

accordance with any policy statement approved by same.

- 5.6 Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1 The council will make safe and efficient arrangements for the making of its payments.
- 6.2 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by 2 signatories of the Council in accordance with a resolution instructing that payment. If a council member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and/or permissible to be a signatory to the transaction in question.
- 6.3 To indicate agreement of the details shown on the cheque for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.4 Cheques for payment shall not normally be presented for signature other than at a council meeting unless in exceptional circumstances.
- 6.5 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.6 The council and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.7 No cash float or petty cash will be maintained.
- 6.8 Any payments made by the clerk for sundries such as stamps, phone, internet or photocopies are to be logged separately and claimed at the next council meeting.

## **7. PAYMENTS OF SALARIES**

- 7.1 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 all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council or duly delegated .
- 7.2 Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or

discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.

- 7.3 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.
- 7.4 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:-
- by any councillor who can demonstrate a need to know;
  - by the internal auditor;
  - by the external auditor;
  - by any person authorised under Audit Commission Act 1998, or any superseding legislation
- 7.5 The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these financial regulations, to ensure that only payments due for the period have actually been paid.

## **8. LOANS AND INVESTMENTS**

- these are to be in the name of the Council and for a set period;
- all investments and loan certificates shall be 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 Particulars of all income should be agreed annually by the council.
- 9.3 Income must be banked promptly and intact by the RFO and a bank paying-in-book used.
- 9.4 The origin of each receipt shall be entered on the paying-in slip.
- 9.5 Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.6 The RFO shall claim back VAT on a regular basis or at least once a year to coincide with the financial year end.

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

- 10.1 An official order or letter shall be issued unless work is carried out under a formal contract, such as lighting, grass-cutting etc.

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- 10.2 Three quotations should normally be obtained in order to assess the best value for any work being done if the quotation would be in excess of £1,000.
- 10.3 A member may not issue an official order or make any contract on behalf of the council.
- 10.4 The RFO 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 RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

## **11. CONTRACTS**

11.1 Procedures as to contracts are laid down as follows:-

- every contract shall comply with these financial regulations, and no exceptions shall be otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items below:-
  - i. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - ii. for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the RFO shall act after consultation with the chairman and vice chairman of council)
- 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.
- The council shall not be obliged to accept the lowest or any tender, quote or estimate.

## **12. ASSETS, PROPERTIES AND ESTATES**

- 12.1 The clerk shall make proper arrangements for the custody of all title deeds of properties held by the council.
- 12.2 No asset shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law, except if the value of any item of moveable property does not exceed £250.
- 12.3 No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 12.4 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments 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. GRANTS**

13.1 Grants to organisations will only be considered when an official grant application form is received and must be submitted to the council no later than Oct 31 each year, in order to estimate the precept for the following year.

### **14. INSURANCE**

14.1 Following the annual risk assessment (per financial regulation 15), the RFO shall ensure that the insurance cover is adequate and the premium is paid up to date. The RFO shall also effect all insurances and negotiate all claims on the council's insurers.

14.2 The RFO should be notified of any events likely to lead to a claim and shall report these to the next available meeting.

14.3 All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council.

### **15. RISK ASSESSMENT**

15.1 the council is responsible for putting in place arrangements for the management of risk. The clerk shall prepare, for approval by council, 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.

### **16. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

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

16.2 The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these financial regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

