

CODDINGTON PARISH COUNCIL

FINANCIAL REGULATIONS

Last reviewed May 2023

1. General:

- 1.1 These financial regulations govern the conduct of the financial management of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The responsible financial officer (RFO) under the direction of the Council shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

2. Annual Estimates:

- 2.1 Detailed estimates of receipts and payments, including the use of reserves and all sources of funding, shall be prepared each year by the RFO, no later than December, in the form of a budget to be considered by the Council.
- 2.2 The Council shall review the estimates not later than the end of January in each year and shall set the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved annual budget.
- 2.4 The approved annual budget shall form the basis of financial control for the ensuing year.

3. Budgetary Control:

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the revenue budget for that class of expenditure, other than by resolution of the Council to approve a virement of unspent and available amounts.
- 3.3 The RFO shall periodically provide the Council with a statement of income and expenditure to date under each head of the approved budget, comparing actual expenditure against planned.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report the action to the Chairman as soon as possible, and to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.

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

4. Accounting and Audit:

4.1 All accounting procedures and financial records of the council shall be determined by the RFO as required by the Accounts and Audit Regulations and proper practices as laid down in *Governance and Accountability for Local Councils – A Practitioners' Guide*.

4.2 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 produced by the RFO. The member shall sign the reconciliations and the original bank statements as evidence of verification.

4.3 The RFO shall complete the annual statement of accounts and related documents of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.

4.4 The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, or auditor with such information and explanation as the Council considers necessary.

4.5 A competent and independent internal auditor shall be appointed by the Council to carry out the work in relation to internal controls in accordance with proper practices. The internal auditor shall report to the Council in writing or in person on a regular basis with a minimum of one annual written report during each financial year.

4.6 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect accounts and books as required by the Audit Commission Act 1998 or any superseding legislation.

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

5. Banking Arrangements and Authorisation of Payments:

5.1 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 safety and efficiency.

5.2 A schedule of payments requiring authorisation shall be prepared by the RFO as part of the agenda for the meeting and presented to the Council with the relevant invoices. The approved schedule shall be ruled off and signed by the Chairman of the meeting. A detailed list of all payments shall be disclosed within the minutes of the meeting at which the payments were authorised.

5.3 All invoices for payment shall be certified by the RFO to confirm that services or goods have been received and represent expenditure previously approved by the Council.

5.4 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.

5.5 The Clerk/RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

(a) To avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998 if the due date for payment is before the next scheduled meeting of the council, provided there is no dispute or other reason to delay and the payment is submitted to the next council meeting.

(b) Payments which arise on a regular basis as a result of a continuing contract, statutory duty or obligation, provided that a list of such payments shall be submitted to the next Council meeting.

(c) Fund transfers within the Council's banking arrangements up to the sum of £5,000, provided that a list of such transfers shall be submitted to the next council meeting.

5.6 The Council will not maintain any form of cash float. Any payments made in cash by the Clerk shall be refunded on a regular basis, at least quarterly.

6. Payment of Accounts:

6.1 All payments shall be effected by bank transfer, cheque or other order drawn on the Council's bankers. The bank payment confirmation shall be attached to the relevant invoices and signed by two signatories.

6.2 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed by two members of the Council including the Chairman or Vice Chairman, and countersigned by the Clerk or a third member. To indicate agreement with the details shown on the cheque, the signatories shall also initial the cheque counterfoil and the relevant invoices.

6.3 Payment for certain items (principally salaries) may be made by banker's standing order, provided that the instructions are signed by two members, and all payments are reported to Council as made. The approval of the use of a standing order shall be renewed by resolution of the Council at least every two years.

6.4 Payments may be made by BACS or internet banking, provided that the instructions for each payment and accompanying invoices are signed by two authorised bank signatories and reported to the Council at the next ordinary meeting.

6.5 Any debit card issued will be specifically for use by the Clerk and restricted to a single transaction maximum value of £50 unless authorised by the Council in writing before any order is placed.

7. Payment of Salaries and Wages:

7.1 The Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE legislation. The payment of salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating.

7.2 Payment of salaries and payment of deductions from salary such as may be required for tax, national insurance, pension contributions and other statutory or discretionary deductions, shall be made on the appropriate dates stipulated in employment contracts and in PAYE legislation, and each payment reported to the next Council meeting.

8. 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 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, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.

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 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the 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 of 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 within the year.

9.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.

9.6 The origin of each receipt shall be entered on the paying in slip.

9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.

9.8 The 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.

9.9 Every transfer of official money from one person to another shall be signed for by the receiving officer.

10. Orders for Work, Goods and Services:

10.1 An official order or letter shall be issued on the Parish Council letter headed notepaper 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 Order books shall be controlled by the RFO.

10.3 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order is to 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 from appropriate suppliers, subject to any de minimis provisions in Regulation 11 below.

11. Contracts:

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

(a) Every contract shall comply with these financial regulations, and no exception shall be made otherwise than in an emergency, provided that this regulation need not apply to contracts which relate to items (i) to (v) below:

(b)

(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.

(b) Where it is intended to enter into a contract exceeding £20,000 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 orders 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 invitations 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, and the last date by which such tenders should reach the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specially 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 the Council.

(f) If less than three tenders are received for contracts valued above £20,000 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) When it is to enter into a contract of less than £20,000 but exceeding £500 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 obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £500 and above £100 the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.

(h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

12. 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 RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 12.2 Where contracts provide for payment by instalments, the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of 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.
- 12.3 Any variation to or addition to or omission from a contract must be approved by the Council and by the Clerk in writing to the contractor, the Council being informed where the final cost is likely to exceed the financial provision.

13. Stores and Equipment:

- 13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for an annual check of all stocks and stores.

14. Assets, 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 held in accordance with regulation 4(3)(b) of the Accounts and Audit Regulations.
- 14.2 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 £200.
- 14.3 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 annually.
- 14.4 The Council shall be responsible for payment of the insurance premium for the Community Centre building, and shall organise and pay for the annual service costs of the following items related to safety, health and the environment:
 - Fire alarm and emergency lighting
 - Fire extinguishers
 - Lightning protection
 - Fixed wiring inspection
 - Boiler servicing
 - Grass and hedge cutting

Coddington Community Association shall be responsible for the routine maintenance and repair costs of all other items. Contributions towards any major replacement or repair costs shall be considered by the Council on application by Coddington Community Association.

15. Insurance:

- 15.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

- 15.4 The RFO 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 meeting.
- 15.5 All appropriate members and employees of the council shall be included in a suitable fidelity guarantee insurance.

16. 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, 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 the Council.