

MICKLE TRAFFORD AND DISTRICT PARISH COUNCIL

FINANCIAL REGULATIONS

Adopted by Parish Council on 15 June 2020 – Minute Ref 03

Reviewed by approved by the Parish Council in XXXXXXXX and on XXXXXXXX Minute Ref XXXX

1 GENERAL

1.1 These financial regulations govern the conduct of the financial transactions of the Parish Council and may only be amended or varied by resolution of the Parish Council.

1.2 The Responsible Financial Officer (RFO), under the policy direction of the Parish Council, shall be responsible for the proper administration of the Parish Council's affairs and, in this case, shall be the Clerk.

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

2 ANNUAL ESTIMATES

2.1 The Planning, Queens Diamond Jubilee Park and Events committees as well as the Village Hall Trust shall formulate and submit proposed expenditure to the Finance Committee in respect of revenue and capital costs for the following financial year not later than the first Monday in December each year.

2.2 The Finance Committee shall review the recommendations of the other committees and will recommend to the Parish Council the Annual Budget provisions not later than the 2nd Monday of February each year.

2.3 The Finance Committee shall recommend to the Parish Council the Precept for the coming financial year.

2.4 The annual budgets shall form the basis of financial control for the ensuing year.

3 BUDGETARY CONTROL

3.1 The committees, in general, may incur expenditure within the Annual Budget approved for the committees by the Parish Council in any specific financial year, and may vire the expenditure on any item so long as the overall budget provision will not be exceeded. Where the spend may exceed the overall budget of that committee for that year, it is recorded in the committee minutes and highlighted on presentation to the Parish Council.

3.2 The RFO shall each month provide the Finance Committee with a statement of receipts and payments to date under each budget heading, comparing actual expenditure against that planned.

3.3 The Clerk may incur expenditure on behalf of the Parish Council which is necessary to carry out any repair, replacement or other work which is of such extreme 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 Parish Council as soon as practicable thereafter.

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

3.5 No expenditure shall be incurred in relation to any capital project and no contract entered into or tenders accepted involving capital expenditure unless the Finance Committee is satisfied that the necessary funds are available.

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

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4 ACCOUNTING AND AUDIT

4.1 The RFO, as required by the Accounts and Audit Regulations 1996 as amended, shall determine all accounting procedures and financial records of the Parish Council.

4.2 The RFO shall supply to each member as soon as practicable after 31st March in each year the annual financial statements of the Parish Council for the completed financial year.

4.3 The RFO shall be responsible for completing the accounts of the Parish Council contained in the Annual Return (as supplied by the Auditor appointed by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Parish Council within the timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.

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

4.5 The Internal Auditor shall carry out the work required by the Parish Council, with a view to satisfactory completion of the Internal Auditor's Report 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 Parish Council, shall report to the Parish Council in writing, one annual report in respect of each financial year.

4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers in accordance with the Audit Commission Act 1998 S. 15 and the Accounts and Audit Regulations 1996 as amended. 2.

4.7 The 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 BANKING ARRANGEMENTS AND CHEQUES

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. The mandate and any changes to it shall be authorised by the Parish Council. Authority for the banking arrangements and for the mandate may not be delegated to a committee of the Council. The banking arrangements shall be regularly reviewed by the Finance Committee for efficiency.

6 PAYMENTS OF ACCOUNTS

6.1 All payments must be affected by cheque or other order drawn on the Council's bankers or by electronic funds transfer. Duly authorised payments may be made prior to a meeting of the Finance Committee provided that they are authorised by two bank signatories

6.2 Cheques drawn on the bank account shall be signed by two authorised signatories of the Finance Committee and the cheque counterfoil initialled by both parties

6.3 Where payments are to be made by electronic funds transfer, they shall be initiated by the RFO and authorised by two authorised signatories.

6.4 Under no circumstances should blank cheques be signed.

6.5 The Finance Committee may agree that certain payments may be made by direct debit or standing order. Where direct debits or standing order payments have been authorised by the Committee, the appropriate documents shall be signed by the RFO and two signatories.

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6.6 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy him/herself that the work, goods or services, to which the invoice relates, shall have been received, carried out, examined and approved and shall further satisfy him/herself that the expenditure has been incurred in accordance with these financial regulations and meets the general requirements as to regularity and propriety.

6.7 The RFO shall examine invoices relating to their accuracy and shall analyse and list them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order, when payment falls due and shall submit details to the next available Council.

6.8 The Parish Council will not maintain any form of cash float. All cash received must be banked intact and a written receipt provided to the payee.

6.9 All payments made in cash by the RFO or Councillors (for example postage, travel expenses or minor stationery items) shall be refunded on a monthly basis, subject to completion of an expense form with attached receipts (where possible). The RFO will add the expense form to the schedule of payments for the Finance Committee authorisation; payment will then be made by cheque or by electronic funds transfer in accordance with the procedures set out in paragraphs 6.2 and 6.3 above.

7 PAYMENT OF SALARIES

7.1 The payment of all salaries shall be made so as to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation and any legislation relating to pensions. 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 the Parish Council.

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 on the appropriate dates and each payment must be authorised at the next available Finance Committee meeting

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 Parish 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. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 and General Protection or otherwise) other than: a) by any councillor who can demonstrate a need to know; b) by the internal auditor; c) by the external auditor; or d) 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.

7.6 The Clerk shall complete and submit to HM Revenue and Customs quarterly and at the end of each tax year such details as may be required Form P60 shall be issued to each of the Council's employees at the end of the financial year.

8 LOANS AND INVESTMENTS

8.1 All loans and investments shall be negotiated in the name of the Parish Council and shall be for a set period in accordance with the approval of the Finance Committee.

8.2 The Parish Council's Investment Practice shall be in accordance with the Trustee Act 2000 and shall be reviewed at least annually by the Finance Committee.

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

8.4 All borrowings shall be effected in the name of the Parish Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be investigated by the Finance Committee as to terms and purpose; the committee will then make a recommendation to the Parish Council for approval.

8.5 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 Parish Council shall be the responsibility of and under the supervision of the RFO.

9.2 Particulars of all charges to be made to Lessees shall be investigated annually by the Finance Committee which will recommend any action to be taken to the Parish Council for its approval. The RFO will be responsible for the collection of all accounts due by the Parish Council.

9.3 The Finance Committee will review all fees and charges annually, following a report from the Clerk.

9.4 All sums received on behalf of the Parish Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Parish Council's bankers.

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

9.6 The RFO shall complete any VAT Return that is required. Any repayment claims due in accordance with the VAT Act 1994 s. 33 shall be made as seen fit by the Parish Council.

9.7 Where the Parish Council receives any significant sums of cash the RFO shall take such steps as are agreed by the Parish Council to ensure that more than one person is present when the cash is counted. The Parish Council should ensure that appropriate care is taken in the security and safety of individuals banking such cash.

10 ORDERS FOR WORK, GOODS AND SERVICES

10.1 authorisation shall be issued for all work, goods and services and shall be copied and retained by the Clerk.

10.2 All councillors are responsible for obtaining the best possible value for money at all times. It is essential to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.

10.3 The RFO shall verify the lawful nature of any proposed purchase before the issue of an order, and in the case of new or infrequent purchases or payments, the Clerk 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: -

(a) Every contract other than those specified in Regulations 11.2 and 11.3 below shall comply with the provisions of this Regulation.

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(b) Where it is intended to enter into a contract exceeding £5,000 in value for the supply of goods or materials or for the execution of works or specialist services the Parish Council or Standing Committees shall invite tenders from at least three contractors or suppliers.

(c) The Clerk shall invite those selected to tender to quote for the goods, materials or services, stating the general nature of the intended contract and then shall obtain the necessary technical assistance to prepare a specification in appropriate cases and shall specify the last date for the receipt of tenders.

(d) Tenders shall be opened by the Clerk and shall be reported to the Parish Council or the committee initiating the tender after the last date for the receipt of tenders.

(e) If less than three tenders are received for contracts above £5,000 or if all the tenders are identical the Parish Council may make such arrangements, as it thinks fit, for procuring the goods or materials or executing the works.

(g) When the Parish Council is to enter into a contract of £5,000 or less but above £250 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 specified in 11.2 and 11.3 below) the Clerk shall obtain 3 quotations (priced descriptions of the proposed supply) where it is reasonably practicable; otherwise Regulation 10.3 shall apply.

(h) The Parish Council or any committee is not bound to accept the lowest tender, quote or estimate.

(i) Contracts with an estimated value of £5000 or more and those relating to an interest in land shall be written. Contracts with an estimated value below £5000 shall be written where it is reasonably practicable to do so but may otherwise be entered into orally.

11.2 Contracts for the supply of goods or materials or for the execution of works or specialist services specified in sections (a) to (f) of this Regulation may be entered into without competitive tendering, [except where it is reasonably practicable to obtain two or more quotations and it represents good value for money to do so]. These contracts are not subject to the provisions of Regulation 11.1.

The contracts within the scope of this regulation are those:

(a) for the supply of gas, electricity, water, sewerage and telephone services.

(b) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.

(c) 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.

(d) for work to be executed or goods or materials to be supplied which, constitute an extension of an existing contract by the Parish Council.

(e) for additional audit work of the Internal or External Auditor up to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice-Chairman of the Parish Council).

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

11.3 In the event of an emergency the Clerk may enter into such contracts as are necessary to deal with the emergency without competitive tendering but only after consultation with the Chairman or Vice-Chairman of the Parish Council. Details of the contracts shall be reported to the next meeting of the Parish Council or the appropriate Committee.

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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 (subject to any percentage withholding as may be agreed in the particular contract).

12.2 Where contracts provide for payment by instalments the 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 of 5% or more a report shall be submitted to the Parish Council.

12.3 Any variation to a contract, or addition to, or omission from a contract must be approved by the Parish Council and submitted to the Contractor in writing, the Parish Council being informed where the final cost is likely to exceed the financial provision.

13 STORES AND EQUIPMENT

13.1 The employee in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

13.2 Delivery Notes shall be obtained in respect of all goods received and goods must be checked as to order and quality at the time of delivery.

13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.

13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

13.5 The Clerk will provide an Assets Register to all councillors, recording the value of all equipment owned by the Council, to be reviewed annually by the Finance Committee.

14 PROPERTIES AND ESTATES

14.1 The Clerk shall make appropriate arrangement with the Parish Council's bankers for the custody of all title deeds of properties owned by the Parish Council. The RFO shall ensure a record is maintained of all properties and land owned by the Parish Council, recording the location, extent, plan, nature of interest, lease granted and 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 or land shall be sold, leased or otherwise disposed of without the authority of the Parish Council, together with any other consent required by law.

14.3 The Finance Committee will review, prior to expiry, the Lease Agreements made between the Parish Council and any third party.

14.4 The Clerk will provide an Assets Register to all councillors of all land owned by the Parish Council, to be reviewed annually by the Finance Committee.

14.5 Lease agreements, pertaining to land leased by the Parish Council, shall be held by the Responsible Finance Officer of the Council.

15 INSURANCE

15.1 Following any annual risk assessment by the Finance Committee, the RFO shall effect all insurance and negotiate all claims on the Parish Council's insurers.

15.2 The Clerk shall give prompt notification to the Finance Committee of all new risks, properties that require to be insured and of any alterations affecting existing insurance.

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15.3 The Clerk shall keep a record of all insurance effected by the Parish Council and the property and risks covered thereby to be reviewed annually by the Finance Committee.

15.4 The Clerk 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 Parish Council at the next available meeting.

15.5 All appropriate employees of the Parish Council and councillors shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Finance Committee and approved by the Parish Council.

16 RISK MANAGEMENT

16.1 The Clerk shall prepare and promote risk management policy statements in respect of all activities of the Parish Council.

16.2 When considering any new activity an authorised member of the Parish Council shall prepare a draft Risk Assessment for the activity and shall bring a draft, addressing the legal and financial liabilities and risk management issues that arise, to the Finance Committee for consideration and, if thought appropriate, for the Parish Council to adopt.

17 REVISIONS OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Finance Committee to review these Financial Regulations for the Parish Council in April each year to keep abreast of any changes in accounting regulations.