

**BARLEY PARISH COUNCIL**  
**FINANCIAL REGULATIONS**

These Financial Regulations, derived from *Model 2 England published* by the NALC, have been adopted by the Parish Council at its Meeting held on 9<sup>th</sup> May 2011

**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.
- 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 financial control, which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption.
- 1.2 The Responsible Financial Officer (RFO), is a statutory office and shall be appointed by the Council. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The Clerk may also hold the post of RFO.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

**2. ANNUAL BUDGET**

- 2.1 The Council shall formulate proposals in respect of revenue, services and capital projects for the following financial year, not later than the end of November each year.
- 2.2 The RFO will then provide detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year in the form of a budget to be considered by the Council at the December meeting.
- 2.3 The Council will review the budget and not later than January each year shall fix the Precept to be levied for the coming financial year. The Clerk shall issue the precept to the billing authority and the RFO shall supply each member with a copy of the approved budget.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

**3. BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 During the budget year and with the approval of Council unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.

- 3.4 The Clerk in consultation with the Chairman may incur expenditure on behalf of the Council to carry out any repair, replacement or other work, 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 Council and the RFO as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.
- 3.6 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.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

#### **4. ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council, (including the Council's Annual Return) , as soon as practicable after the end of the financial year and shall submit them to the Council for their approval.
- 4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The RFO and the Parish Council shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices..
- 4.5 An independent Internal Auditor will be appointed by the Council to carry out the work required by the Council in accordance with proper practice, to report to the Council and to complete the Internal Audit Report in the Annual Return prior to submission to the External Auditor.
- 4.6 The RFO shall make arrangements for inspection of the accounts and books and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 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, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to the Council for authorisation by a resolution of the Council and shall be recorded in the Minutes of the Meeting.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of the Council. They shall also

initial the counterfoil to confirm it as a true record of the details shown on the cheque and invoice or similar documentation. No cheque shall be signed by the second Councillor unless all details have been fully completed

**6. PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk and or the RFO . The Clerk and or 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.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading.
- 6.4 In case of urgency (notwithstanding para 6.3 and preferably with the agreement of the Chairman) payments/ cheques may be authorised between monthly meetings. However such payments must be submitted to and ratified at the subsequent Council meeting.
- 6.5 The Council does not maintain any form of cash float. Any payments made in cash by the Clerk or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis.
- 6.6 Payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two Council members and any payments are reported to the Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.

**7. REMUNERATION & PAYMENT OF SALARIES**

- 7.1 The Council shall review annually the Clerk's and RFO's remuneration and any other payment provisions.
- 7.2 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation . They shall also ensure that all necessary statutory deductions from pay are made and forwarded to the appropriate authority.
- 7.3 The RFO shall ensure that salaries are calculated in accordance with the rates in force and arrange for payment to be made once they have been reported to and ratified by the 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 If required the Council shall consider the need for an Investment Policy. Any Policy shall be reviewed at least annually.
- 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 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.

8.5 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 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 and or the RFO](#).

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 as directed by the RFO and as often as the RFO considers necessary. The origin of each receipt shall be entered on the paying-in slip.

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, if possible to coincide with the financial year end

**10. 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. An officer 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 *, unless otherwise agreed by the Council,* by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 below unless the value of the order is likely to be under £1000.

10.3 [The Council shall not be obliged to accept the lowest or any quotation or estimate.](#)

**11. CONTRACTS**

11.1 All contracts for work and services to be approved by the Council.

11.2 Where the supply of goods, materials, equipment or services is required and the total expenditure is likely to exceed £1000, the Clerk or the RFO shall endeavour to seek a minimum of three tenders unless otherwise agreed by the Council. Invitation to tender shall be writing with a similar and full specification and a set closing date.

11.3. The Council shall not be obliged to accept the lowest or any tender.

11.4 An exception to these rules may be made for the continued supply of utility services ; for the extension of an existing contract in order to allow for completion or supply; for the provision of

specialist services such as those provided by solicitors, accountants, surveyors, valuers and other such professionals; and for the supply of parts for machinery, plant or equipment.

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

**13. ASSETS, PROPERTIES AND ESTATES**

- 13.1 The Clerk with the assistance of the Chairman, 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 Accounts and Audit Regulations.
- 13.2 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 movable property does not exceed £50.
- 13.3 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 at least annually, possibly in conjunction with a health and safety inspection of assets.

**14 INSURANCE**

- 14.1 Following the annual risk assessment (per Financial Regulation 16), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 14.3 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 the Council at the next available meeting.
- 14.4 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.

**15 CHARITIES**

- 15.1 Where the Council is sole trustee of a Charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such

form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

**16**                    **RISK MANAGEMENT**

16.1                  The Council is responsible for putting in place arrangements for the management of risk. ~~The Clerk and or the RFO or a sub-committee appointed by resolution of the Council shall prepare, for approval by the 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.~~

16.2                  When considering any new activity, ~~the Clerk and or the RFO or a sub-committee appointed by resolution of the Council shall~~ prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

**17**                    **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. 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.

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**Note**

The value inserted in any of the paragraphs may be varied by the Council and will be reviewed regularly and confirmed annually by the Council.

Chairman .....

Signed .....

Dated .....