

# QUORNDON PARISH COUNCIL FINANCIAL REGULATIONS

## Amended/Approved @ QPC Meeting on 02/03/2010

These Financial Regulations were adopted by the Council at its meeting held on 7<sup>th</sup> January 2003. (*Amended 2<sup>nd</sup> March 2004, and 7<sup>th</sup> March 2006, 1<sup>st</sup> April 2008, 2<sup>nd</sup> September 2008, 7<sup>th</sup> October 2008, 2<sup>nd</sup> March 2010, 20<sup>th</sup> July 2010*).

### **1 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 Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 Council may delegate some of its powers and responsibilities under these Regulations to its committees and other Council bodies. Where it does so, the following shall apply:
  - 1.4.1 Expenditure must not exceed the revenue budgets and earmarked reserve account limits approved by Council
  - 1.4.2 Expenditure must conform with cash flow management rules set from time to time by the Council's Finance Committee
  - 1.4.3 Non-councillors shall not vote on expenditure matters

### **2 ANNUAL ESTIMATES**

- 2.1 Each Committee (if any) shall formulate and submit proposals to the Council in respect of revenue and capital, income and expenditure for the following financial year not later than the end of October each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.3 The Council shall review the estimates not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved budget.
- 2.4 The annual 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 in the approved budget.
- 3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget, unless approved by Council.
- 3.3 The RFO shall provide to each meeting of the Council 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 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 £1,000. If the cost of the work will exceed £1,000 the clerk shall seek authorisation from the Chair or Vice-chair of Council or the chair of the Finance Committee plus two other Councillors (where the cost is less than £5,000) or five other councillors (where the cost exceeds £5,000). The Clerk shall report the action 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 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 as required by the Accounts and Audit Regulations 2003 as amended.
- 4.2 The 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 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 2003 as amended, or set by the Auditor.

- 4.4 The RFO shall be responsible for ensuring that there is an 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 2003 as amended. Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the 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 Council in writing on a regular basis with a minimum of 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 required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2003 as amended.
- 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 ARRANGEMENT AND CHEQUES**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by Council. They shall be regularly reviewed for efficiency.
- 5.2 Cheques drawn on the bank account shall be prepared in accordance with the schedule referred to in paragraph 5.4 by the clerk/RFO and shall be signed by any two members of Council mandated to do so.
- 5.3 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil and invoice.
- 5.4 A schedule of the payments made, forming part of the Agenda for the Meeting, shall be prepared by the RFO and presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting. If more appropriate, the detail may be shown in the Minutes of the Meeting.

## **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. The Clerk shall satisfy himself/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. The Clerk shall take all steps to settle all invoices submitted, and which are in order before the next available Council meeting.
- 6.4 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 or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **7 PAYMENT OF SALARIES**

- 7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, 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 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 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).
- 8.3 All investments of money under the control of the Council shall be in 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.
- 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.
- 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. 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 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

## **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. Where this would be inappropriate (for example for minor repairs and trivial purchases) prior authorisation for the expenditure shall be given by the RFO, Chairman or Vice-Chairman.
- 10.2 The RFO shall ensure that the Council employs companies or individuals with the professional qualifications and/or practical skills needed for all work. Where there is a risk or a potential risk to workers, the public or members of staff, adequate indemnity insurance shall be a condition of such employment.
- 10.3 Unsolicited quotations for work, goods and services shall not be accepted by the RFO without Council's approval.
- 10.4 Invoices received for work, goods and services undertaken or supplied without an official order or written authority, or without prior authorisation from the RFO, Chairman or Vice-Chairman shall not be paid.

- 10.5 Order books shall be controlled by the RFO. Copies of all orders and written authorities shall be retained.
- 10.6 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 or estimates from appropriate suppliers, subject to any de minimis provisions in regulation 11 (1) below.
- 10.7 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:
- (a) Every contract shall comply with these financial regulations. No exceptions shall be made otherwise than in an emergency. 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 telecommunications services;
  - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and 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 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 and Vice-chairman of Council);
  - (vi) for consumables.
- (b) Where it is intended to enter into a contract exceeding £25,000 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.
- (c) 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.
- (d) 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 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) 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 Council.
- (f) If less than three tenders are received 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 Council is to enter into a contract less than £25,000 and above £1,000 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 or RFO shall attempt to obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £200 the Clerk or RFO shall attempt to obtain 3 estimates.
- (h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

11.2 A regular service contract (eg cleaning, maintenance, arboriculture, horticulture) under the procedures in 11.1 may be let for one, two or three years. It must be subject to competition on expiry, except as follows:

- (i) A service contract let for one year may be renewed annually with the existing contractor provided that:
  - (a) the contract value is less than £10,000 per annum
  - (b) the contract specification remains largely unchanged
  - (c) satisfactory service and value for money has been received (as determined by the RFO)
  - (d) the contract price increase is not greater than 5% of the preceding year's price
  - (e) the contract is subject to competition every three years

## **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 by 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 the Clerk to the Contractor in writing, 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 shall be obtained in respect of all goods received into store 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 RFO shall be responsible for periodic checks of stocks and stores at least annually.

### **14 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 2003 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 tangible movable property does not exceed £50.

### **15 INSURANCE**

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers (in consultation with the Clerk).
- 15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alteration affecting existing insurances.
- 15.3 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 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 CHARITIES**

- 16.1 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 records 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.

## **17 RISK MANAGEMENT**

- 17.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk and 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.

## **18 REVISION OF FINANCIAL REGULATIONS**

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council annually.