

BARTON PARISH COUNCIL

FINANCIAL REGULATIONS

Adopted by a resolution of Barton Parish Council on 7th July 2020

These Financial regulations should be read in conjunction with the Barton Parish Council Standing Orders, as adopted on 7th July 2020.

1. General

These Financial Regulations have been prepared as a supplement to the Council's Standing Orders and apply to all of its financial transactions.

In accordance with Standing Order 21.1, the Proper Officer (as defined therein) will also undertake the work of the Responsible Financial Officer (RFO). All references are therefore to the RFO. If these two offices are split, the Council will need to determine how the responsibilities should be divided.

These Financial Regulations shall be subject to regular review by the Council at least once in every two years as to both appropriateness and compliance with prevailing regulation or law per Standing Order 21.3..

2. Accounting system and statement of accounts

The RFO will be responsible for maintaining up to date accounting records.

The Statement of Accounts is to be completed by the RFO in accordance with legal requirements and recognised accounting practices by 31 May following the end of each financial year and presented to the full Council, subject to audit, by 30 June.

3. Allowances and expenses

Allowances and expenses claimed by members and employees will be paid only in accordance with procedures adopted by the Council, and are not to exceed nationally agreed rates.

All approved allowances and expenses must be claimed within three months of the allowance or expense becoming due. Expense claims should include relevant invoices, showing VAT where possible.

4. Audit

The RFO will be responsible for liaising with the external auditor, including:

- Exhibiting statutory notices.
- Completing relevant sections of the Annual Return.
- Providing additional information and answering questions.
- Placing any reports from the External Auditor on the Council's agenda.

The Council will appoint a suitable Internal Auditor, who will:

- undertake relevant checks during the course of the year
- complete the internal audit section of the Annual Return.
- prepare an annual report for the Council on the adequacy of its financial systems.

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All members and employees of the Council are to give full co-operation to the external and internal auditor in providing information and answering questions.

5. Bank accounts

The RFO is to make arrangements to open such bank accounts as the Council may direct, which will normally include a current account and a deposit account subject to notice.

At least every two years, the Council is to consider the adequacy and cost of its banking arrangements, and to decide whether to obtain quotations for future banking services.

Cheques and orders for other forms of payment (including but not limited to payments made by BACS or CHAPS or using internet banking transfer) shall be signed or authorised by two members of the Council from amongst those on the authorised list of signatories approved by the Council. The RFO (and the Clerk of the Council, if separately appointed) will not be authorised signatories.

The RFO shall be responsible for the security of cheques and passwords relating to the Council's bank accounts.

The RFO will monitor cash flow and transfer funds between accounts as necessary to maximise interest income.

At no more than three monthly intervals, the RFO will reconcile the Council's bank accounts to the Cash Book, taking such follow up action as may be necessary, e.g. in relation to unpresented cheques. Such reconciliation, including any exceptions, shall be presented with all supporting evidence for approval or noting at a full meeting of the Council.

6. Budget preparation

The RFO is to prepare a draft budget statement by 31st October each year for submission to the Council, with columns showing the original and revised estimates for the current financial year and the initial estimates for the next financial year.

The budget statement is also to show the Council's estimated balance in hand at the end of the current year and at the end of the next financial year.

The Council will consider the draft budget, including as to the level of provision to be made for grants and for capital expenditure. It will also decide the extent of the precept required, allowing for a reasonable level of balances to be retained.

The Council will consider and approve the budget no later than 31st January following the initial draft budget submission in time for the RFO to notify the precept to South Cambs District Council by the required date.

7. Budgetary control and Authority to Spend

At no more than three monthly intervals the RFO will prepare a budgetary control statement, setting out actual income and expenditure against the annual budget and present the same to the Council, which will examine each budgetary control statement and make appropriate resolutions.

Authority for expenditure on revenue items in accordance with the terms of the approved budget is vested in the Council. The RFO will lay before the council at its regular meetings all accounts for payment and claims against the Council, except as provided for in the paragraph below.

Where it is necessary to make a payment before it has been formally authorised by the Council, the RFO shall check that the payment is a budgeted item, shall verify its correctness and urgency and

make payment if approved by the required authorised signatories or a nominated substitute in the absence of an authorised signatory. The RFO will include any payments so made under the terms of this paragraph in the payments report for ratification at the next Council meeting.

The RFO will report to the Council to seek any instructions with respect to any outstanding invoice or payment which is questionable or in dispute.

8. Contracts and orders

An official order or letter shall be issued for all work, goods and services required by the Council unless a formal contract is to be prepared or an official order would be inappropriate. Copies of all such orders should be retained by the RFO.

Prior to placing any order, the RFO will check that the proposed purchase is within budget.

The RFO will be responsible for ensuring that best value is obtained from all purchases.

The Council will make use where possible of appropriate suppliers.

For larger value items the following arrangements will apply:

- For items costing in excess of £2,000 the RFO will obtain and record competitive quotations from a minimum of two suppliers.
- Where the value of the intended contract is expected to exceed £25,000, the Council will follow the tender procedures set out in Standing Order 18 of the NALC Model Standing Orders 2018. In the event of any uncertainty about the appropriate process the Council will seek outside advice before proceeding. The Council will then make decisions on any contract award after consideration of a written report and recommendation

9. Financial records

The Council's financial records will be kept by the RFO and passed on to any successor RFO as appropriate. The Council's financial records will normally be kept for six years, except that statements of account, cash books, contracts under seal, and all information relating to any land transactions or loans must be kept indefinitely.

The records maintained by the RFO shall in particular contain:

- A record of all approved annual budgets;
- Entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure relate;
- A record of the assets and liabilities of the Council;
- Where relevant, a record of the Council's income and expenditure in relation to claims made for any contribution, grant or subsidy;
- Where relevant, a record of any expenditure outside the annual approved budget which the Council approves for payment from reserves.

10. Grants to individuals and organisations

Grants will be made in accordance with any policies agreed by the Council and only to residents of Barton or to organisations that exist wholly or mainly for the benefit of Barton. Grants will not normally be awarded to any organisation operated with a view to profit.

If the Council decides to give a grant outside of the terms of its agreed policy on an exceptional basis, the reasons for the decision are to be recorded in the minutes.

Where possible, the RFO is to arrange for invoices for equipment, etc. that is subject to grant aid to be addressed to the Council and paid by the Council direct to the supplier. Where this is not feasible, receipts for money spent must be obtained from the grant aided organisation or individual as soon as possible.

11. Income

The Council may decide on the charges to be made in respect of any of the services it provides, and on any exemptions or reliefs applying to such charges. The RFO will be responsible for billing and collecting such charges and any other income due to the Council.

All income received is to be banked intact as soon as possible. An official receipt must be given in respect of any cash income.

Any decision to remit or write off income is to be made by the Council on receipt of a report from the RFO.

Any surplus equipment is to be disposed of to the highest bidder or at the best price reasonably obtainable, following a procedure to be determined by the Council in each case. The Council may decide to donate surplus items of little cash value to local organisations or charities.

12. Insurance and risk management

The RFO will report to the Council annually on the extent of risks faced by the Council, action needed to manage such risks, and the extent of insurance cover required. The Council will consider whether competitive insurance quotations should be sought.

Any occurrence that may give rise to an insurance claim must be promptly reported to the RFO, who will advise the Council's insurers as soon as possible.

Where a contractor is employed to undertake works or services for the Council, the RFO will obtain evidence that the contractor has in place adequate public liability insurance cover.

13. Irregularities

Any member or employee of the Council who suspects that financial irregularity may have taken place in relation to its affairs must report such suspicions to the Chairperson as soon as possible. The Chairperson will then consult with the Internal Auditor and authorise appropriate action. The Internal Auditor will report to the Council as to the outcome of investigations.

14. Leasing of equipment

Any decision to enter into a lease or hire arrangement shall be made by the Council following the consideration of a report setting out the financial implications over the full term, including any termination payment.

15. Legal powers

The RFO is responsible for establishing that legal powers exist for all proposed expenditure or grants before commitments are made. If there is any doubt, advice must be sought from CAPALC or NALC.

16. Loans

If the Council wishes to take out a loan to finance capital expenditure, it must ensure that relevant statutory authority is obtained. A report must be made to the Council setting out the relevant terms

of the proposed loan and the annual expenditure that will be incurred over the whole term of the loan.

17. Payroll and superannuation

The Council will determine the salary applicable to any employee prior to making any appointment. The salary of any employee will be reviewed on an annual basis as part of the annual budget process and any variation to salary, other emoluments and terms and conditions of employment must be approved by the Council. The Council will conduct a performance appraisal of any employee on an annual basis, the form of which will be determined by the Chairperson of the Council with input from other Council members.

As an employer the Council will make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. Payment of salaries and deductions from salaries with respect to tax, national insurance, pensions contributions or similar must be made in accordance with payroll records and on the dates stipulated in employment contracts, provided that each such payment is reported to the next available Council meeting as appropriate.

Any decision to settle an employment claim or to award any discretionary redundancy payment or superannuation benefit must be authorised by the Council, which may require a written opinion from a suitably qualified external advisor before making a decision if it is considered necessary.

18. Taxation (PAYE and VAT)

The RFO will be responsible for ensuring that arrangements are made so that all PAYE payments and returns (Income Tax and National Insurance) are correctly assessed and forwarded to the Inland Revenue within the required deadlines.

The RFO will identify separately all VAT incurred by the Council and will lodge claims for reimbursement from HMRC every six months.

approved and adopted by Barton Parish Council on

2020

Sarah Pitchford

Chairperson

Ian Minto

Clerk

Written in conjunction with:

ADVICE NOTE: How we deal with money?

Advice on the content of Financial Regulations for Local Councils in England

Society of Local Council Clerks 2014

And

NATIONAL ASSOCIATION OF LOCAL COUNCILS

