

These Financial Regulations were amended and adopted by the Council at the Parish Council Meeting held on 15<sup>th</sup> June 2017

# **THURCASTON & CROPSTON PARISH COUNCIL**

## **FINANCIAL REGULATIONS**

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## **1. General**

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Council and shall only be amended 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 financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 **Where a statute, regulation or order confers a function or duty on the 'Responsible Financial Officer', that person shall be the Clerk to the Council.**

## **2. Annual Estimates**

- 2.1 Where committees have been set up by the Parish Council, each committee should formulate and submit spending proposals to the Management and Policy Committee in respect of revenue and capital for the following financial year not later than the end of November each year.
- 2.2 A draft budget shall be prepared by the RFO not later than the end of December in each year.
- 2.3 During each year the Council shall set the precept to be levied for the ensuing financial year.
- 2.4 The budget shall form the basis of the financial control for the ensuing financial year.

## **3. Budgetary Control**

- 3.1 The RFO shall provide the Council with a statement of income and expenditure as requested.
- 3.2 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, in the opinion of the Clerk, it must be done at once, whether or not there is budgetary provision, subject to a financial limit of £300. The Clerk shall report the action taken to the Council (or the appropriate Committee) as soon as practicable thereafter.
- 3.3 The RFO should provide petty cash to Officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
  - a) The RFO shall maintain a petty cash float of approximately £50 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations unless the petty cash needs make-up funds.
  - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council for approval.
- 3.4 No expenditure shall be incurred in relation to any capital project and no contracts entered into or tender accepted unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval can be obtained.

## **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 2003 (as amended) or other Statutory Instrument which may supersede those Regulations.

- 4.2 The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and in any case by the statutory date of 30<sup>th</sup> June, or as varied by legislation and submit such accounts and report thereon to the Council.
- 4.3 The RFO shall be responsible for maintaining 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.

## **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; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency. The council shall seek credit references in respect of members or employees who act as signatories.
- 5.2 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council / committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council [or finance committee]. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3 All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents 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 all steps to pay all invoices submitted, and which are in order, at the next available council meeting.
- 5.5 The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council
  - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council; or
  - c) fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
  - d) Payment of salaries including pension contributions shall be made for payment each month with a full list of said payments to be submitted for approval at the next appropriate meeting of the Council.

- 5.6 In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.
- 5.7 Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.8 The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.9 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1 The council will make safe and efficient arrangements for the making of its payments.
- 6.2 Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3 All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.
- 6.4 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by two members of council and countersigned by the Clerk in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
- 6.5 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.
- 6.6 Cheques or orders for payment shall not normally be presented for signature other than at a council. Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.
- 6.7 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to 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.

- 6.8 If thought appropriate by the council, payment for certain items (principally salaries) may be made by bacs provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of bacs shall be renewed by resolution of the council at least every two years.
- 6.9 If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.10 If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.11 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.12 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council .
- 6.13 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.14 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.15 Where internet banking arrangements are made with any bank, the Clerk [RFO] shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.16 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.17 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by [two of] the Clerk [the RFO][a member]. A programme of regular checks of standing data with suppliers will be followed.

- 6.18 Any Debit Card issued for use will be specifically restricted to the Clerk [RFO] and will also be restricted to a single transaction maximum value of [£500] unless authorised by council or f in writing before any order is placed.
- 6.19 A pre-paid debit card may be issued to employees with varying limits. These limits will be set by t he council. Transactions and purchases made will be reported to the council and authority for topping-up shall be at the discretion of the council.
- 6.20 Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk/RFO and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.
- 6.21 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/ RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

*OR*

- 6.22 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
- a) The RFO shall maintain a petty cash float of £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to council under 5.2 above.

## **7. Payment of Salaries and Wages**

- 7.1 It shall be the responsibility of the RFO to calculate payment of salaries and wages in accordance with the rates in force and arrange for such payment to be made via the Business Payments Service of the Council's banker.
- 7.2 All time sheets if appropriate shall be examined by the RFO to ensure that they have been signed and duly certified that such time has been worked.
- 7.3 It shall be the responsibility of the RFO to calculate income tax and National Insurance due for each employee, to deduct these from salaries and wages before payment and to send these to HMRC by Internet Banking.
- 7.4 It shall be the responsibility of the RFO to submit expenses paid to employees where necessary by P4D or as required by HMRC and complete an annual return to HMRC.

## **8. Loans and Investments**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council after approval by the Council and shall be for a set period of time 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 in the name of the Council.

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 Any bad debts shall be reported to the Council.

9.3 All sums received on behalf of the Council shall be banked with such frequency as the RFO considers necessary.

## **10. Procurement of works, goods and services**

10.1 The following provisions shall apply:

- a) Up to £1000– obtain prices informally to demonstrate value for money.
- b) £1001 - £5,000 – obtain at least two written quotations.
- c) £5,001 - £25,000 – obtain at least three written quotations based on a detailed specification.
- d) £25,001 and above – the tender procedure rules set out below shall apply.

10.2 In respect of a, b and c above an official order or letter shall be issued and a copy retained on file.

10.3 Where it is intended to enter into a contract exceeding £25,001 in value for the supply of goods, works or services, the Clerk shall invite formal tenders from at least five suppliers in accordance with the following procedure:

- a) The invitation to tender shall state the general nature of the intended contract and the Clerk shall prepare (with whatever technical assistance he/she may require) a detailed specification on which the tenders are to be based.
- b) Tenders shall be invited after giving at least 21 days public notice in at least one local newspaper and in such trade journals as the Clerk considers appropriate (where a tender falls under the scope of EU Procurement Rules, their time scales and advertising requirements shall apply).
- c) Tenders are to be sent to the Clerk to the Council in a sealed, marked envelope by a specific date and time after which they will be opened by the Clerk in the presence of at least one Member of the Council.
- d) Tenders are then to be assessed and reported to Council for consideration.
- e) Any invitation to tender shall contain a statement that the Council is not obliged to accept the lowest or any tender.

10.4 Procedures as to contracts are laid down as follows:

- a) These regulations shall not apply to contracts which relate to items (i) to (vi)
  - (i) For the supply of gas, electricity, water, sewerage and telephone services;
  - (ii) For specialist services such as are provided by solicitors, accountants and surveyors.
  - (iii) For work to be executed or goods 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 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 £500 (in excess of this sum the Clerk 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 £300 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.

10.5 A regular service contract (eg cleaning, maintenance, arboreculture, horticulture) under the procedures in 10.4 may be let for one, two or three years. It must be subject to competition on expiry, except as follows:

(1) 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

## **11. Insurance**

11.1 The RFO shall be responsible for effecting all insurance and negotiating all claims against the Council's insurers.

11.2 The RFO shall give prompt notification to the Council of all new risks and of any amendments affecting existing cover.

11.3 All appropriate employees of the Council shall be included in suitable fidelity guarantee cover.

## **12. Risk Management**

- 12.1 The Clerk/RFO shall prepare and promote risk management policy statements in respect of all activities of the council.
  
- 12.2 When considering any new activity the Clerk/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.

## **13. Revision of Financial Regulations**

- 13.1 It shall be the duty of the Council to review these financial regulations annually.
  
- 13.2 These Financial Regulations shall be read in conjunction with the Standing Orders of the Council as amended from time to time