

# Farington Parish Council

## Financial Rules and Regulations

### 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 we have 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. These financial regulations are designed to demonstrate how Farington Parish Council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The Clerk has been appointed as RFO for Farington Parish Council and these regulations will apply accordingly. The RFO acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO is nominated as the Primary User for the purposes of online banking to have full access to all the functions within the Business Internet Banking service.
- 1.4 The RFO shall produce financial management information as required by the council.
- 1.5 At least once a year, before 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.
- 1.6 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide published jointly by NALC and SLCC and updated from time to time.

Version 1 approved by Farington Parish Council at their meeting held on 10 June 2019

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## **2. Annual Estimates (Budgets)**

- 2.1 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- 2.2 The Council shall review the budget 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 issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3 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 for that class of expenditure in the approved budget.
- 3.2 Any expenditure incurred that will exceed the amount provided in the revenue budget for that class of expenditure shall be taken from general reserves. During the budget year and with the approval of the Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings.
- 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. The Clerk will present information on income and expenditure at each meeting of the Parish Council.
- 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 £400. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 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.
- 3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

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#### **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 complete 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 and report to the Council.
- 4.3 The RFO shall complete 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 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 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. Any officer or member of the Council shall, if the RFO or Internal Auditor 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 be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal auditor, must be competent and independent of the operations of the Council.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers 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.

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- 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. If the schedule is in order it shall be authorised by a resolution of the Council and is included 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 and the Clerk.
- 5.4 On-line payments 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 authorised by two members of the Council and the Clerk.

## **6. Payment of Accounts**

- 6.1 All payments shall be affected by cheque, online bank payment 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 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 Clerk as 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, at the next available Council Meeting.
- 6.4 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, or where the Clerk certifies that there is no dispute or other reason to delay payment, the Clerk together with the Chairman or Vice-Chairman and one other member of the Parish Council may take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
- 6.5 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.

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6.6 The Clerk shall be paid on the 15th of each month. The salary for the current Clerk is as stated in the Contract of Employment in line with NALC/NJC pay scales. This shall be adjusted to reflect any changes in pay scales such as cost of living pay awards or Annual Appraisal awards.

## **7. Loans and investments**

7.1 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.

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

7.3 All borrowings shall be 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.

7.4 All investment certificates and other documents relating to loans and investments shall be retained in the custody of the RFO.

## **8. Income**

8.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

8.2 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.

8.3 The Council will review all fees and charges annually in conjunction with a report of the Clerk.

8.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

8.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO and the origin of each receipt shall be entered on the paying-in slip.

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

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- 8.7 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 regularly and coinciding with the financial year end.
- 8.8 If any significant sum of cash is 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.

## **9. CIL**

- 9.1 Regulation 62A of the CIL Regulations 2010 (as amended) requires a Parish Council to prepare a report for each financial year in which it details: a) the total CIL receipts for the reported year b) the total CIL expenditure for the reported year c) summary details of CIL expenditure during the reported year including i) the items of infrastructure to which CIL (including land payments) has been applied ii) the amount of CIL expenditure on each item iii) the amount of CIL applied to repay money borrowed, including any interest, with details of the infrastructure items which that money was used to provide (wholly or in part) iv) the amount of CIL applied to administrative expenses pursuant to regulation 61, and that amount expressed as a percentage of CIL collected in that year in accordance with that regulation. The RFO will prepare the report on an annual basis and this will be put on the Parish Council website by 31 December each year.
- 9.2 The CIL Regulations state that a Town/Parish Council must use CIL receipts passed to it in accordance with Regulation 59A or 59B to support the development of the local council's area, or any part of that area, by funding: (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or (b) anything else that is concerned with addressing the demands that development places on an area. This gives Parish and Town Councils considerable freedom to spend their proportion of CIL on the things that address the impacts of development on their area. CIL cannot be used as a replacement for everyday Town or Parish Council expenditure and misspent CIL can be claimed back by South Ribble Borough Council. CIL must be spent within five years of its receipt or again it can be claimed back by South Ribble Borough Council. It is the responsibility of the RFO to ensure that the CIL requirements are carried out in accordance with that regulation.

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## 10. Contracts

10.1 Procedures as to contracts are laid down as follows:

(a) Where it is intended to enter into a contract exceeding 10% of the current precept in value for the supply of goods or materials or for the execution of works or specialist services the Clerk shall invite tenders from at least three firms.

(b) 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.

(c) Such invitation 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.

(d) 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.

(e) If less than three tenders are received for contracts above 10% of the current precept 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.

(f) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

(g) The Lengthsman's contract has a permanent waiver and is not subject to the tendering procedure as listed above. This is due to the type of reactive work undertaken and that a high level of knowledge and experience is needed to carry out this role.

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## **11. Assets, properties and estates**

- 11.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk as 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.
- 11.2 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.
- 11.3 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.

## **12. Insurance**

- 12.1 Following the annual risk assessment the RFO shall affect all insurances and negotiate all claims on the Council's insurers.
- 12.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered and annually review it.
- 12.3 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 Council at the next available meeting.
- 12.4 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.

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### **13. Risk management**

- 13.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk 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.
- 13.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

### **14. Revision of financial regulations**

- 14.1 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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