Financial Regulations – January 2018 (Adopted by the Parish Council at its meeting on 9 January 2018 and updated version adopted at Parish Council meeting on 25 May 2022)

Moggerhanger Parish Council
Financial Regulations

1. General Context

1.1 The Parish Council ("the Council") is responsible for overall financial management arrangements, including the approval of the policy framework and budget within which the Council operates together with procedures for the virement of expenditure between budget headings.

1.2 The Council shall be responsible for ensuring that the financial management is adequate and effective, and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

1.3 The Responsible Financial Officer (RFO) is the designated Clerk to the Council. The RFO, under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial affairs within the terms and duties defined under Section 2 of these Financial Regulations.

1.4 The RFO shall be responsible for the production of financial management information and for the ongoing monitoring of expenditure and projected income compared with approved budgets.

1.5 These Financial Regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.

1.6 The Council shall periodically review the effectiveness of its systems of internal controls and, as required, shall produce a statement on internal control with its statement of accounts.

1.7 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

2. Duties of the Responsible Financial Officer (RFO)

2.1 To prepare regular financial reports for the Council.

2.2 These reports referred to in 2.1 above will cover receipts and payments to date, payroll summary, budget variances, fund balances and other relevant current matters.

2.3 To propose an annual budget to Council and for discharging the day to day administration of financial matters in accordance with the approved policy framework and budgets. The approved budget will form the basis of the budget monitoring during that financial year.

2.4 To determine and submit the precept to Central Bedfordshire Council and supply any breakdown of financial information requested by the latter.

2.5 To ensure that all money received by the Council is banked regularly, as soon as possible after receipt, and that adequate arrangements are made for the security of cash holdings.

2.6 To ensure that all money due to the Council is billed and collected promptly.

2.7 To manage cash flow and control investments and bank transfers.

2.8 To control payments by cheque and by direct credit transfer.

2.9 To handle the overall management of payroll in liaison with the organisation appointed to administer the payroll (currently Essendon Accounts & Tax Ltd), and advising them of overtime and other changes when required.
2.10 To ensure the prompt submission of VAT returns and to deal with VAT inspections.
2.11 To prepare, balance and publish the final accounts in accordance with these Financial Regulations and report thereon to Council.
2.12 To produce accounts and records for external audit in accordance with these Financial Regulations.
2.13 To arrange for an annual internal audit of all aspects of the Council's financial affairs in accordance with these Financial Regulations, including the retention of supporting prime documentation to support all financial transactions.
2.14 To monitor compliance with the Council's Financial Regulations and to ensure correct financial systems are in place.
2.15 To manage insurance risk and to ensure that claims are processed in a timely manner. To report annually to Council on insurance risk covered and to ensure that fidelity guarantee insurance is provided in respect of all Councillors and employees.
2.16 To maintain the Council's register of property and assets. All assets exceeding £2,000 in value must be included in the register together with portable or attractive assets (regardless of value) which must also be suitably marked to aid in their recovery in the event that they are lost or stolen.
2.17 To make provision for the annual depreciation of assets.

3. Annual Budgets
3.1 A revenue budget policy statement will provide an overarching financial framework for the preparation of revenue budgets and will be reviewed from time to time by Council.
3.2 Each Committee (if any) is responsible for ensuring, in respect of services falling within the remit of the Committee, that:
(a) Draft revenue budget requirements shall be formulated in accordance with the required format and timetable and having regard to spending patterns and pressures revealed through the budget monitoring process, legal requirements, initiatives already under way and relevant cash limits;
(b) Effective monitoring of the budget shall take place to ensure that spending remains within the overall cash limit, that individual budget heads are not overspent and that appropriate corrective action is taken when variations from the approved budget are forecast.
3.3 Detailed estimates of income and expenditure shall be prepared each year by the RFO and these shall include allocations to different services and functions, proposed precept level and contingency funds.
3.4 The Council shall review the estimates and having regard to the advice of the RFO consider a final budget ordinarily by December each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each Member with a copy of the approved estimates.
3.5 The annual budgets shall form the basis of regular financial monitoring and control for the ensuing financial year.

4. Budgetary Control

4.1 Expenditure on revenue items may be incurred up to the amounts included in each approved Committee budget subject to the provisions of Financial Regulations 7, 11 and 12.

4.2 No expenditure may be incurred which cannot be met from the amount provided in the revenue budget unless it has been approved by the Council.

4.3 The RFO shall provide the Council with a statement of receipts and payments to date at each Council meeting and shall regularly submit reports of income and expenditure to date against each head of the approved annual budget and shall effectively monitor variances.

4.4 The Council is responsible for approving the virement of expenditure between budget headings and for allocating the contingency sum and for reflecting these decisions in the Council's revenue budget. The Clerk may, with the approval of Council, vire between sub-heads.

4.5 The RFO 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 specific budgetary provision for the expenditure, subject to a limit of £3,000. The RFO shall report the action to Council as soon as practicable thereafter.

4.6 Where expenditure is incurred in accordance with regulation 4.5 above, and the sum required cannot be met from savings made elsewhere within the approved budget, it shall be met from contingency sums held by the Council.

4.7 The Council shall determine, at the end of each financial year, what unspent balances may be carried forward into existing budgets and detail those which shall be added to Council contingency funds. No unbudgeted capital expenditure shall be incurred during the financial year in anticipation of a surplus at the financial year end.

4.8 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless Council is satisfied that the necessary capital funds are available, or the requisite borrowing approval has been obtained, or reserves are earmarked for this purpose.

4.9 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

5. Accounting and Auditing

5.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 (as may be varied from time to time).

5.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as possible after the end of the financial year and shall submit them and report thereon to the Council.

5.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the External Auditor appointed from time to time) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996 as amended from time to time or set by the Auditor.

5.4 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 6 of the Accounts and Audit Regulations 2003 (as may be varied from time to time). Any Officer or

Member 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.
5.5 The RFO will be responsible for ensuring the Internal Auditor carries out the internal audit of the Council's accounts, with a view to the satisfactory completion of the Internal Auditors report section of the Annual Return as compiled annually by the External Auditor. The Internal Auditor shall be competent and independent of the operations of the Council. The internal audit shall be carried out on a yearly basis at the end of the financial year and the RFO shall report to Council as soon thereafter on the audit findings.
5.6 The RFO shall make arrangements for the publication of the annual accounts, and the opportunity for inspection of the accounts, books and vouchers as required by the Audit Commission Act 1998, Section 15, and the Accounts and Audit Regulations 1996 (as amended from time to time). This should include of the activities of the Council and a report on how income and expenditure was received or incurred in the previous financial year.
5.7 The RFO shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report of the External Auditor, unless the correspondence is of a purely administrative matter.

6. Banking Arrangements and Cheques
6.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. Any changes to standard practice must be approved by the Council. 6.2 A schedule of payments shall be prepared by the RFO and regularly presented to the Council for approval. If the schedule is in order it shall be authorised by a resolution of the Council and, if more appropriate, the detail may be shown in the minutes of the meeting.
6.3 Cheques and authorisations for payment drawn on the bank account in accordance with the schedule as presented to Council shall require two signatures from the authorised signature list approved by the Council. A member who a bank signatory is, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

7. Payment of Accounts
7.1 All payments shall be affected by cheque or other order drawn on the Council's bankers.
7.2 All invoices for payment shall be examined, verified and certified by the RFO. Before certifying an invoice, the RFO must be satisfied that the works, goods or services to which the invoice relates have been received, properly carried out, examined and approved.
7.3 The RFO shall take all possible steps to settle all invoices submitted and which are in order within thirty days of their receipt or earlier if a discount for early settlement is available.
7.4 Duly certified invoices will be entered on the schedule referred to in 6.2 above.
7.5 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 cheduled Meeting of Council, and where the RFO can certify that there is no dispute or other reason to delay payment, the RFO 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 Council.

7.6 The RFO can determine whether or not to operate a petty cash system. If the RFO chooses to operate a petty cash system, the value of such holding must be approved by the Council and the RFO must:
(a) obtain and retain vouchers to support each payment from the imprest account and, where appropriate, an official receipted VAT invoice must be obtained;
(b) make adequate arrangements for the safe custody of the account;
(c) produce upon demand cash and all vouchers to the total value of the imprest amount;
(d) record transactions promptly;
(e) provide a certificate of the value of the account held at 31 March each year or at any other time if so requested;
(f) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made;
(g) ensure that on leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest advance, the amount advanced to him or her shall be accounted for. The amount advanced shall be either repaid or transferred to another authorised member of staff as evidenced by the signature of the receiving officer.
7.7 Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these Financial Regulations.
7.8 Payments to maintain the petty cash float shall be shown on the schedules of the payment of money presented to the Council referred to in 6.2 above.

8. Payment of Salaries and Wages
8.1 The payment of all salaries and wages shall be made by the organisation appointed to administer the payroll (currently Essendon Accounts & Tax Ltd) in accordance with the payroll details supplied by the RFO which have been approved by the Council.
8.2 The payment of all salaries shall be made in accordance with the National Salary Scales and adjusted annually depending on satisfactory performance; salaries shall be as agreed by Council.
8.3 The payroll totals shall be detailed on the schedule presented to Council and referred to in 6.2 above.

9. Loans & Investments
9.1 All loans and investments shall be negotiated by the RFO on behalf of the Council and shall be for a set period of time in accordance with Council Policy. Proposed changes to loans and investments must be reported to Council at the earliest opportunity for approval.
9.2 All investments of money under the control of the Council shall be in the name of the Council.
9.3 All borrowing shall be in the name of the Council.
9.4 All investment certificates and other documents relating thereto shall be retained in the safe custody of the RFO.
9.5 All loan and investment authorisations shall require at least two signatures including any one Councillor and the RFO.

10. Income

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

10.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.

10.3 The Council will review all fees and charges annually.

10.4 The recovery of all debts shall be rigorously pursued except that legal proceedings shall not be instituted without the express authority of the Council and any bad debts shall be reported to the Council and written off in the year.

10.5 All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer collecting the money 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 and all income received should be locked away pending banking to safeguard against loss or theft.

10.6 The origin of each receipt shall be entered on the paying-in slip.

10.7 All receipts, tickets or other records of income should be held securely for the appropriate period and a reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on receipts records held by the RFO.

10.8 Income received should not be used to cash personal cheques or other payments.

10.9 The RFO shall promptly complete any VAT Return that is required. Any repayment claims due in accordance with VAT Act 1994 section 33 (as amended from time to time) shall be made at least annually coinciding with the financial year end.

11. Orders for Works, Goods and Services

11.1 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 (i.e. petty cash purchases). Copies of orders shall be maintained.

11.2 All Members and Officers are responsible for obtaining value for money at all times and 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. Where it is the intention to enter into an official order exceeding £3,000, for the supply of goods or materials or for execution of works, the Clerk shall endeavour to obtain at least three written quotations in accordance with approved procedures.

11.3 Any official orders which are given verbally must be confirmed by written order as soon as possible thereafter.

12. Contracts

12.1 The RFO, in consultation with the Chairperson, may incur expenditure on operational or any new works or for the supply of goods and services not previously supplied, costing up to £3,000, provided such expenditure is within the overall approved budget of the Council.

12.2 Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (a) to (f) below:

(a) for the supply of gas, electricity, water, sewerage and telephone services;
(b) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
(c) 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;
(d) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
(e) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the RFO shall act after consultation with the Chairperson and Vice Chairperson of Council);
(f) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

12.3 Where it is intended to enter into a contract exceeding £3,000, but not exceeding £20,000 in value for the supply of goods, materials or services or for the execution of works (other than such goods, materials, works or specialist services as are excepted as set out in paragraph 12.2), the RFO shall invite not less than three quotations. The RFO shall prepare a list for submission to a Council meeting.

12.4 Where it is intended to enter into a contract exceeding £20,000 in value, then a notice shall ordinarily be placed in a newspaper circulating in the area, or a relevant trade paper, inviting firms to express an interest in being included in the list from which tenders will be invited. The RFO will report to Council giving details of all responses received, together with any other recommendations of firms which should be included in the list from which tenders will be invited. The procedure for inviting and receiving tenders shall be as paragraph 12.3.

12.5 The Council is not bound to accept the lowest or any tender but a file note with reasons should be prepared by the RFO in the event that the lowest tender is not accepted.

12.6 If less than three tenders are received, or if all tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods, materials or services or executing the works.

12.7 No exception from complying with Standing Orders and these Financial Regulations in respect of any contract shall be made otherwise than by the direction of the Council. Where 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.

12.8 Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations. These Regulations require Councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts.

13. Payments under Contracts for Building or other Construction Work

13.1 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.

13.2 Where contracts provide for payment by instalments, the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more, a report shall be submitted to Council.
13.3 Any variation to a contract, addition or omission from a contract must be approved by the RFO in writing, the appropriate Committee being informed where the final cost is likely to exceed the financial provision.

14. Stores and Equipment
14.1 Delivery notes should ordinarily be obtained in respect of all goods received and goods should, wherever possible, be checked as regard quality and quantity at the time delivery is made.
14.2 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
14.3 The RFO is responsible for ensuring arrangements are in place for the control of stores and equipment and for arranging the annual check in terms of value and quantity of all such stores and equipment.
14.4 Attractive and portable items of equipment (e.g. computers, cameras and video recorders) shall be identified with security markings as belonging to the Council.

15. Asset Management and Security
15.1 The RFO 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 1996 (as may be varied from time to time).
15.2 The RFO is responsible for establishing arrangements for the property security of all buildings and other assets belonging to the Council and for ensuring that no asset is subject to personal use by an employee without proper authority.
15.3 The RFO is responsible for maintaining an asset register and inventory in order to ensure that assets are identified, their location recorded and that they are appropriately marked and insured which should provide assurance that assets are safeguarded, used efficiently and effectively and being adequately maintained.
15.4 No property shall be sold, leased or otherwise disposed of without the authority of the Council and all disposals of assets should be on terms aimed at achieving best value.

16. Insurance and Risk Management
16.1 The RFO shall be responsible for effecting all insurances covering the Council’s risks and negotiating all claims on the Council’s insurers.
16.2 Members of the Council shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

16.3 The RFO shall keep a record of all insurances affected by Council and the property and risks covered thereby and annually review it.
16.4 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.
16.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.
16.6 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

17. Internal Audit Arrangements
17.1 The financial condition and documentation of the Council shall be checked internally (in addition to the annual external audit) on at least an annual basis.
17.2 The internal auditor shall be appointed by the Council to monitor the financial management of the Council.

18. Publication of Information
18.1 The RFO shall ensure compliance with the Smaller Authorities (Transparency Requirements) (England) Regulations 2015/494 as amended from time to time by publishing relevant information on the Parish Council website. This shall include; all items of expenditure above £100; end of year accounts; Annual Governance Statement; internal audit reports; list of Councillor responsibilities; list of assets; meeting agendas and minutes.

19. Suspension and Revision of Financial Arrangements
19.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.
19.2 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.
19.3 The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all Members of Council.