



# Holme Valley Parish Council

## Financial Regulations

### General

- 1.1 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 (see Standing Order 13.1).
- 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.

### Annual Estimates

- 2.1 Each Committee shall formulate and submit proposals to the Council in respect of services and projects for inclusion in the budget not later than the end of January each year.
- 2.2 Detailed estimates of income and expenditure on services and other receipts and payments shall be prepared each year by the RFO.
- 2.3 The Strategy and Policy Committee shall review the estimates and submit them to the Council at the appropriate meeting in February each year and shall recommend to the Council, the precept to be levied for the ensuing financial year. The Council shall review proposals submitted by Committees, and the recommendations of the Strategy and Policy Committee before approving a budget and fixing the precept for the forthcoming year. The RFO shall supply each Member with a copy of the approved estimates, and shall issue the precept demand to the billing authority.
- 2.4 The annual budget shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three year forecast of income and payments which may be prepared at the same time as the annual budget.

Budgetary Control

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in each approved committee budget, as laid down in the Council's Scheme of Delegation (see appendix 6 of the Council's Standing Orders).
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee budget unless a virement has been approved by the Council.
- 3.3 The RFO shall provide the Finance and Management Committee with regular statements of receipts and payments comparing actual expenditure to date against that planned under each head of the approved budget.
- 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 £2,000, following the procedures set out in the Council's Scheme of Delegation 3.2 (see Appendix 6 of the Council's Standing Orders).  
  
The Clerk shall report the action to the appropriate Committee as soon as practicable thereafter.
- 3.5 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work to any individual seat or shelter up to a maximum of £500. The Clerk shall report the action to the appropriate Committee as soon as practicable thereafter.
- 3.6 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within that Committee's approved budget, it shall be subject to virement from another budget head, with the approval of the Council, following the procedure set out in the Council's Scheme of Delegation (see Appendix 6 of the Council's Standing Orders).
- 3.7 Unspent budget provisions shall not be carried forward to a subsequent year, unless specifically requested by a Committee and approved by the Council.
- 3.8 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Committee concerned is satisfied that the necessary capital funds are available, or the requisite borrowing approval has been obtained.
- 3.9 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

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, and the Accounts and Audit (Amendment) (England) Regulations 2006.
- 4.2 The RFO shall be responsible for completing the annual accounts and financial statements of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Finance and Management Committee, and to the Council. Once approved, the Accounts and Financial Statements shall be signed by the Chairperson and the Clerk.
- 4.3 The RFO shall be responsible for completing the Statutory 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, the Accounts and Audit (Amendment) (England) Regulations 2006, or as set by the external Auditor.
- 4.4 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. 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 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.

The Finance and Management Committee, in accordance with Regulations 4 and 6 of the Accounts and Audit (Amendment) (England) Regulations 2006, shall review annually the effectiveness of its system of internal audit and control and to make such recommendations to the Council, as the Committee considers are required.

- 4.5 The following principles shall be observed in connection with accounting duties:-
  - (i) The duty of providing information, calculating, checking and recording sums due to, or from, the Council, should be separated as much as possible from the duty of collecting or dispersing them.
  - (ii) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged, if possible, in any of those transactions.
- 4.6 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.

- 4.7 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.
- 4.8 The RFO shall, as soon as practicable, bring to the attention of all Members any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

#### Banking Arrangements and Cheques

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Finance and Management Committee. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required, or already made, shall be prepared by the RFO and presented to the Council for authorisation by resolution and signed by the Chairperson or Vice Chairperson.
- 5.3 Cheques in accordance with the schedule referred to in the paragraph above shall be signed by two Councillors and one officer from the following list:-

Chairperson of the Council  
Vice Chairperson of the Council  
Past Chairperson of the Council  
Chairperson of the Finance and Management Committee  
Vice Chairperson of the Finance and Management Committee  
Chairman of the General Purposes Committee  
Chairperson of the Planning Committee  
Chairperson of the Publications and Communications Committee  
Chairperson of the Staffing Committee  
Chairperson of the Management Committee of the Land Charity

The Clerk  
The Assistant Clerk/Administrative Support Officer.

In the event of neither officer being available to sign cheques, cheques may be signed by three Councillors, one of whom **must** be the Chairperson of the Council or the Vice Chairperson of the Council.

Where a cheque payment relates to the Graveship of Holme Land Charity, one of the Member signatories must also be a Member of the Charity Committee.

- 5.4 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.

- 5.5 Transfers may be made between the Council's bank accounts on written instructions from the Clerk or Assistant Clerk/Administrative Support Officer giving the appropriate period of notice. Withdrawals from the Council's bank accounts, other than as listed in 6.1 below, must be accompanied by a certified copy of the Council's minutes authorising the action to be taken, and countersigned by the appropriate number of signatories as listed 5.3 above.

### Payment of Accounts

- 6.1 Payments, except from petty cash, shall normally be made by cheque; payment by direct debit, standing order or by electronic transfer, shall be authorised by the Council in advance.
- 6.2 All invoices for payment shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice the officer shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 The RFO shall examine certified invoices in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. He/she shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 All payments to be made on duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.5 Where it is necessary to make a payment before it has been authorised by the Council, (eg to avoid an interest charge under the Late Payment of Commercial Debts (Interest) Act 1998, or to obtain a discount), such payment shall be certified as to its correctness and urgency by the RFO, and shall be included in the next schedule of payments before the Council.
- 6.6 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Claims for payments made shall be submitted to the RFO for reimbursement:-
- (i) The RFO shall maintain a petty cash float to a limit of £100 for the purpose of defraying operational and other expenses. Where possible receipts for payments made from petty cash shall be kept, to substantiate payments.
  - (ii) Income received must not be paid into the petty cash float but must be separately banked, as provided in 9.5 of these Regulations.
  - (iii) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Council (under 5.2 above).

Payment of Salaries and Wages

- 7.1 The payment of all salaries and wages shall be made by the RFO in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and as agreed by Council.
- 7.2 Payments of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, shall 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.

Loans and Investment

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to the Finance and Management Committee at the earliest opportunity.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council and shall be reviewed on a regular basis (at least annually).
- 8.3 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.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

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 notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges biennially, following a report of the RFO.
- 9.4 Any bad debts shall be reported to the Finance and Management Committee; any such debts found to be irrecoverable may be written off by the Committee, guided by the recommendations of the RFO, and with the approval of Council.
- 9.5 All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked intact by the officer collecting the money as directed by the

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RFO. In all cases all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.

- 9.6 A reference to the related invoice, or otherwise, indicating the origin of each cheque, 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 complete any VAT return that is required promptly. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made within the appropriate time scales.
- 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, that there is some form of control reconciliation, and that appropriate care is taken in the security and safety of individuals banking such cash.

Orders for Work, Goods and Services

- 10.1 An official order or letter, signed by the Clerk or Assistant Clerk/Administrative Support Officer, shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate, eg petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 Order books shall be controlled by the RFO.
- 10.3 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 practical 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.

Contracts

- 11.1 Procedures as to contracts are laid down in the Council's Standing Orders (10.1 – 10.9) as follows:

Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than by direction of the Council or in an emergency, provided that 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 telephone services
- (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants
- (iii) for work to be executed or goods or materials to be supplied which consist of

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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 £500 (in excess of this sum, the RFO shall act, after consultation with the Chairperson and Vice Chairperson of the Council)

(vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

- 11.2 Where it is intended to enter into a contract exceeding £5,000 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 11.1 (i) – (vi) above, the Clerk shall either invite tenders from at least three firms to be taken from the appropriate approved list (if maintained) or from firms known to the Council; or, on resolution by the Council or its Committees, the Clerk shall give at least three weeks' public notice of such intention in the same manner as public notice of meetings of the Council, or shall advertise the Council's invitation to tender in such newspapers as the Council shall direct.
- 11.3 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.
- 11.4 Such invitation, or notice or advertisement, 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 the name and address with whom tenders should be lodged and the last date by which tenders should be received. Where the value of the contract is expected to exceed £5,000, prospective tenderers shall be issued with a return envelope identifying the content as a tender. On receipt of a returned tender, the Clerk shall record the date of receipt on the envelope and retain it unopened.
- 11.5 All tenders received in accordance with the above regulation shall be opened at the same time in the presence of at least one officer and one Member. The details shall be reported to the Council or the appropriate Committee. After consideration, the minutes shall record:
- a) the name of the successful tenderer.
  - b) the reason for accepting a tender other than the lowest, where appropriate.
- 11.6 Neither the Council nor any Committee, or sub-committee is bound to accept the lowest tender.
- 11.7 If less than three tenders are received or if all the tenders are identical, the Council may make such arrangements for procuring the goods or materials or executing the work as it thinks fit.
- 11.8 Any invitation to tender issued under these regulations shall contain a statement of the effect of Standing Orders set out under Canvassing and recommendations of

members. (Note: if canvassed in any way, Members need to declare such if present during any consideration of tenders.)

- 11.9 When it is intended to enter into a contract for expenditure less than £5,000 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 specialists services as are excepted as set out in regulation 11.1 (i) – (vi) above, the Clerk shall obtain three quotations; where the value is below £1,500 and above £100 the Clerk shall strive to obtain three estimates; otherwise regulation 10.3 above shall apply.

#### Payment 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; contracts which exceed the expected timescale for the work may be subject to a financial penalty being imposed.
- 12.3 Any variation to a contract, or addition to, or omission from, must be approved by the Council and Clerk to the Contractor in writing; the appropriate Committee being informed where the final cost is likely to exceed the financial provision.

#### Stores and Equipment

- 13.1 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regards quality at the time of delivery.
- 13.2 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.3 The RFO shall be responsible for an annual check of all stocks and stores.

#### Assets and Liabilities

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties or other assets owned by the Council. The RFO shall ensure a record is maintained of all such assets 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 5(3)(b) of the Accounts and Audit Regulations 2003.

- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the estimated value of any one item does not exceed £50.

### Insurance

- 15.1 Following an annual risk assessment the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 Prompt notification shall be given to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations 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 the Finance and Management Committee as soon as practicable.
- 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.

### Risk Management

- 16.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 16.2 When considering any new activity the Clerk shall prepare a draft Risk Management policy for the activity which addresses the legal and financial liabilities and Risk Management issues which arise. This must be placed before the Council for consideration and if thought appropriate, so adopted by the Council.

### Revision of Financial Regulations

- 17.1 It shall be the duty of the Finance and Management Committee to review the Financial Regulations of the Council, at least every two years, to make such recommendations to the Council as the Committee considers are required.

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