



BILLING PARISH COUNCIL

FINANCIAL CONTROLS AND REGULATIONS

Contents List

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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 the council has 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 the 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 this 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 council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.4 The council's accounting control systems must include measures:
- for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud, and
 - identifying the duties of officers.
- 1.5 These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.6 The RFO:
- acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the council up to date in accordance with proper practices;
 - assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the council.

- 1.7 The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.
- 1.8 The accounting records determined by the RFO shall in particular contain:
- 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 or receipts and payments account relate;
 - a record of the assets and liabilities of the council; and
 - wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.9 The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
 - measures to ensure that risk is properly managed.
- 1.10 The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the precept (council tax requirement);
 - approving accounting statements;
 - approving an annual governance statement;
 - borrowing;
 - writing off bad debts;
 - declaring eligibility for the General Power of Competence; and
 - addressing recommendations in any report from the internal or external auditors,
- shall be a matter for the full council only.
- 1.11 In addition, the council must:
- determine and keep under regular review the bank mandate for all council bank accounts;

- approve any grant or a single commitment in excess of £5,000; and
 - in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.
- 1.12 If required, for instance in the case of a new RFO being appointed and to ensure continuity, the Council may appoint the outgoing RFO as a Deputy Responsible Financial Officer on a temporary basis, to work in tandem with the new post holder to ensure that the provision of on-going or year- end accounts are unimpeded.
- 1.13 At least once a year, prior to 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.
- 1.14 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.
- 1.15 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 which is published jointly by NALC and SLCC and updated from time to time.

2. Accounting and Audit Internal and External

- 2.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2 On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
- 2.3 The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.4 The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. The RFO shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the internal auditor, or external auditor with such information and explanation as considered necessary for that purpose.
- 2.5 The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 2.6 The internal auditor shall:
- be competent and independent of the financial operations of the council;

- report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 2.7 Internal or external auditors may not under any circumstances:
- perform any operational duties for the council;
 - initiate or approve accounting transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. Budget

- 3.1 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.
- 3.2 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.
- 3.3 The annual budgets shall form the basis of financial control for the ensuing year.

4 Budgetary Control

- 4.1 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure unless agreed by the council. During the budget year and with the approval of council unspent and available amounts may be moved to other budget headings or to reserves as appropriate.
- 4.2 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. These statements are to be prepared as a minimum at the end of each financial quarter.

- 4.3 The Clerk, in conjunction with the Green Space Manager, 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 £1,000. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 4.4 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.
- 4.5 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

5. Banking Arrangements and Authorisation of Payments

- 5.1 A schedule of the payments prepared by the RFO will form part of the Agenda for each monthly Meeting, and be presented to Council for approval. It shall be authorised by a resolution of the Council. 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.
- 5.2 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.1 or in accordance with paragraph 6.4, shall be signed by two members of the Council who are authorised bank account signatories.
- 5.3 To indicate agreement of the details shown on the cheque, or payment to be made by bank transfer, and the invoice or similar documentation, the signatories shall each also sign the Payment Authorisation Voucher.
- 5.4 Transfers between current and reserve accounts may be made at the discretion of the RFO provided these are advised to the next meeting of the council.
- 5.5 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 interest, unless a dispensation has been granted.

6 Payment of Accounts

- 6.1 All payments shall be made by cheque, BACS 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 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 approve 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, where the RFO can certify that there is no dispute or other reason to delay payment, he/she may (notwithstanding para 6.3) take all steps necessary to

settle such invoices provided that a list of such payments be submitted for approval to the next appropriate meeting of Council.

- 6.5 The Council will not maintain any form of cash float. Any cash that may be received must be banked intact. No payments are made in cash by the Clerk/RFO even for postage or minor stationery items.
- 6.6 Payment for utility supplies (energy, telephone and water) and for the monthly credit card statement may be made by variable Direct Debit provided that the instructions are signed by two authorised signatories and any payments reported to the council as part of the monthly Accounts for Approval for Payment schedule.
- 6.7 If thought appropriate by the council, payment for certain items may be made by internet banking transfer provided evidence is retained and which shows which two members approved the payment.
- 6.8 A member who is a bank signatory, 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 Salaries

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
- 7.2 Payment of salaries is presently performed by Small Business Payroll Service with relevant due payments made by them to HMRC together with requisite end of year returns. Payments of salaries are made into employee's bank accounts on the last day of each month.
- 7.3 No changes shall be made to any employee's pay. Emoluments, or terms and conditions of employment with the prior consent of the council.
- 7.4 The RFO shall ensure required pension contributions are forwarded to NEST each month.
- 7.5 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- by any councillor who can demonstrate a need to know
 - by the internal auditor
 - by the external auditor, or
 - by any person authorised under the Audit Commission Act 1998, or any superseding legislation.
- 7.6 The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.5 Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.

8 Loans and Investments

- 8.1 Any loans and investments shall be negotiated in the name of the Council and shall be for a set period 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 negotiated 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.
- 8.5 Any certificates or other documents relating to loans or investments 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 Particulars of all charges to be made by the Council shall be notified to the RFO and he/she shall be responsible for the collection of all accounts due.
- 9.3 The Council will review all fees and charges annually.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 The RFO shall promptly complete VAT Returns on a quarterly basis claiming any repayment due.

10 Orders for work, goods and services

- 10.1 An official order, letter or email shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate.
- 10.2 The Clerk/RFO and Green Space Manager are responsible for obtaining value for money at all times and when issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction. Three quotations or estimates from appropriate suppliers should be obtained where the cost will be above £3,000.
- 10.3 A proposed public contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £30,000 shall be procured on the basis of a formal tender. *See Standing Orders 18 (c).*
- 10.4 A member may not issue an official order or make any contract on behalf of the council.

11 Assets

- 11.1 The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds of land or properties owned by the Council.
- 11.3 The Clerk/RFO shall ensure that an appropriate and accurate Register of Assets is maintained.
- 11.4 No tangible moveable property or real property (interests in land) shall be purchased, acquired, 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 does not exceed £250.

12 Insurance

- 12.1 Following the annual risk assessment (per Financial Regulation 13), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 12.2 The RFO shall keep a record of all insurances in place for the Council and its property and the risks covered thereby and review annually.
- 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.

13 Risk Management

- 13.1 The council is responsible for putting in place arrangements for the management of risk which should be reviewed annually.
- 13.2 A review of the Effectiveness of Internal Audit will be made by the RFO annually and presented to the council for approval.

14 Government Procurement Card

- 14.1 A credit card account (issued by Barclaycard Commercial) shall be made available for use by both the Clerk and the Green Space Manager (i.e. one card each). Full payment shall be made monthly by variable direct debit.
- 14.2 Limits on their areas of use have been put in place and monthly spend limits of £500 in the case of the Green Space Manager and £250 for the Clerk have been made. There is, however a small leeway (up to £750) per statement for the Green Space Manager as this allows a six week period for purchases to appear on the statement.
- 14.3 The RFO will provide each member of the council with a schedule showing the breakdown of purchases on the Government Procurement Card on a monthly basis.

15 Miscellaneous

- 15.1 The Clerk shall be allowed to incur up to £250 of expenditure in any one month without prior reference to the Council, for necessary items of stationery, etc., which are required to carry out his/her duties.
- 15.2 Budgetary responsibility for ditch husbandry, flora and fauna and tree work for The Leys and Bellinge Field, improving/maintaining footpaths, driveways and car park for the playing fields/pavilion shall be placed with the Green Space Manager up to a total annual maximum amount of £2,000. Any additional expenditure shall be agreed with the Clerk, reported to the next available council meeting, and if necessary, agreed by resolution at a full council meeting.

16 Revision of Financial Regulations

- 16.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk / RFO 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.