

Keswick and Intwood Parish Council

Financial Standing Orders

May 2007

Financial Regulations

These Financial Standing Orders were adopted by Keswick and Intwood Parish Council at its Meeting held on 9th May 2007. All references to the Council in these Financial Standing Orders relate to Keswick and Intwood Parish Council.

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 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 Treasurer has been appointed as RFO for the Council and these regulations apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's 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 shall provide financial management information as required by the Council
- 1.4 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.
- 1.5 In these financial regulations, references to the Accounts and Audit regulations shall mean regulations issued under the provisions of s. 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 which is published jointly by NALC and SLCC and updated from time to time.

2. Annual Estimates

- 2.1 Each Committee (if any) for which the Council has direct or "parent" responsibility shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of November each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.3 The Council shall review the budget estimates 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 of the Council with a copy of the approved budget.

- 2.4 The annual budgets 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 revenue and capital Receipts and payments which may be prepared at the same time as the annual Budget.

3. Budgetary Control

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget. During the budget year and with the approval of the Council having fully considered the implications for public services to be provided, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure against that planned as shown in the budget. These statements to be prepared at least at the end of each financial quarter.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary for the day-to-day running of the Council's business and obligations whether or not there is any budgetary provision for the expenditure, subject to a limit of £200. The Clerk shall report such action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.6 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.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

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.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council s soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The RFO shall be responsible for completing 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 Audit commission.
- 4.4 The RFO shall be responsible for ensuring that there is 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 1966 as amended. 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, who shall be competent and independent of the operations of the Council, shall report in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflict of interest and have no involvement in the financial decision making, management or control of the Council.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by the 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.
- 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 authorized by a resolution of the Council and shall be initialed by the Chairman of the Meeting. If more appropriate the detail may be shown 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 countersigned by the Clerk.
- 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 also initial the cheque counterfoil.

6. Payment of Accounts

- 6.1 All payments shall be effected by cheque 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 himself 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 settle all invoices submitted, and which are in order, at the next available council meeting.

- 6.4 If a payment is necessary for any legitimate reason (including avoiding a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998) before the next scheduled meeting of the Council, where the Clerk and RFO certify that there is no reason to delay payment, the Clerk (notwithstanding paragraph 6.3) may take all steps necessary to settle such invoices provided that a list of 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 postage and general stationery items) shall be refunded on a regular basis, at least quarterly.

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 agreed by the Council.
- 7.2 Payment of salaries and payment of deductions from salary as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council meeting.
- 7.3 Where PAYE and national insurance arrangements are not made by the Council the internal auditor will satisfy himself that other arrangements have been made which meet all statutory requirements for the payment of any tax and national insurance payments due.

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period as determined by the Council.
- 8.2 The Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any policy shall be reviewed at least annually.
- 8.3 Any investments of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any borrowing approval. Any application for borrowing approval shall be approved by the Council as to its terms and purpose. The terms and conditions of borrowing shall be reviewed at least annually
- 8.5 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 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.
- 9.3 The Council will review all fees and charges annually, following a report by the Clerk.
- 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 banked intact 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.
- 9.6 The origin of each receipt 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 promptly complete any VAT return that is required. Any repayment due in accordance with the VAT Act 1994 s.33 shall be made at least annually coinciding with the financial year-end.
- 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 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.

10. Orders for Work, Goods and Services

- 10.1 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. Copies of all orders shall be retained.
- 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 that as far as reasonable and practicable 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 below.
- 10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

11. Contracts

- 11.1 Procedures as to contracts are laid down as follows: 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 the following contracts:
 - i) 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 constitute of 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 work of the external auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the chairman and Vice Chairman of the Council);
 - vi) for good 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 £3,000 in value for the supply of good 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 11.1 the Clerk shall invite tenders from at least three firms to be taken from an appropriate approved list.
- 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 made to the Council.
- 11.4 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 specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- 11.5 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 the Council.
- 11.6 If less than three tenders are received for contract above £3,000 or if all tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works
- 11.7 Any invitation to tender issued under this regulation shall contain a statement o the effect of Standing Orders 61, 63 and 64.**
- 11.8 When it is to enter into a contract less that £3,000 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 accepted as set out in paragraph 11.1 the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise paragraph 10.3 above shall apply.
- 11.9 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

12. Insurance

- 12.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Clerk.

- 12.2 The Clerk 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.
- 12.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review it annually.
- 12.4 The RFO shall be notified of any loss liability or damage or of any event or of any event likely to lead to a claim, and shall report these to the Council at the next available meeting
- 12.5 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.

13 Risk Management

- 13.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council
- 13.2 When considering any new activity the Clerk and 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.

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.

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