

EASINGTON VILLAGE PARISH COUNCIL

FINANCIAL REGULATIONS

1. General

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Council and may be amended or varied by resolution of the Council.
- 1.2 The Responsible Finance Officer (RFO) under the policy direction of the Parish 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.

2. Annual Estimates

- 2.1. Members of the Council shall formulate and submit proposals to the Council in respect of revenue services and capital projects not later than the end of October of each year.
- 2.2 Detailed estimates of income and expenditure on revenue services and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.3 The Council shall review the estimates not later than the end of December/January of each year and shall recommend the precept to be levied for the ensuing year. The RFO shall supply each Member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. Budgetary Control

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved budget heading.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget heading unless a virement has been approved by the Council.
- 3.3 The RFO shall periodically provide the Council with a statement of income and expenditure to date under each heading of the approved annual revenue and capital budgets.
- 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 considered to be of such an urgency that it must be done at once, whether or not there is any budget provision for the expenditure, subject to a limit of £2,500. The Clerk shall report the action to the Council as soon as is practicable thereafter.

- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within the approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Council.
- 3.6 Unspent provisions in the revenue budget shall not normally be carried forward to a subsequent year except where it is not known, at the time when estimates for the following year are prepared and approved, that the said expenditure cannot be spent (due to unforeseen circumstances) in the current year and is likely to be incurred in the following financial year.
- 3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 3.8 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 2003. and 2006.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Council.
- 4.3 The RFO shall be responsible for ensuring that the Council has in place an adequate and effective system of internal audit and internal control of the Council's accounting, financial and other operations. For this purpose, the Council shall appoint an Internal Audit Service Provider, independent of the Parish Council. The Council shall also ensure that an annual and ongoing risk management review is maintained. In addition, the Council shall appoint an internal auditor from amongst its Members for month to month checks on financial matters.

5. Banking Arrangements and Cheques

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. Two accounts shall be maintained at the bank, a general current account and a high account.
- 5.2 A schedule showing the accounts for payment and monies received by the Council shall be prepared by the RFO and together with the relevant invoices etc. shall be presented to the Council. If the schedule is in order it shall be approved by a resolution and the cheques for payment shall be signed by two of the three duly authorised signatories to be appointed by the Council annually. The RFO shall be given authority to make payments which are deemed necessary to be made in between Council meetings in order to meet discount dates or invoice payment terms. Details of any such payments shall be included on the aforementioned schedule.

6. **Payment of Accounts**

- 6.1 All payments shall be affected by cheque or other order drawn on the Council's bankers.
- 6.2 All invoices are to be examined, verified and certified by the RFO. Before certifying the invoice the RFO shall satisfy 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 all invoices in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate budget heading. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 All duly certified invoices shall then be entered on the schedule referred to in 5.2 above.
- 6.5 If thought appropriate by the Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.6 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council.
- 6.7 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.8 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.9 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.10 Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator. The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.11 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation

will be treated as a very serious matter under these regulations.

- 6.12 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk and two members. A programme of regular checks of standing data with suppliers will be followed.

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries and wages of Council employees shall be undertaken by Durham County Council with payment made by the County Council directly from the Parish Council's bank account via BACS payments which will be monitored by the RFO. The administration charge levied by the County Council for this service is reviewed by the County Council periodically.
- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the Clerk.

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be set for a period of time in accordance with Council policy. Changes to loans and investments should be reported to the Council at the earliest opportunity.
- 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 effected in the name of the Council.
- 8.4 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 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, where necessary, all fees and charges annually, following a report of the Clerk.
- 9.4 Any bad debts shall be reported to the Council.
- 9.5 All sums received on behalf of the Council shall be paid to the RFO for banking. In all cases receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.

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 official orders issued shall be maintained.
- 10.2 The Clerk/RFO is responsible for obtaining value for money at all times and when issuing an official order is to ensure as far as possible that the best available terms are obtained in respect of each transaction.

11. **Contracts**

- 11.1 Procedures as to contracts are laid down in the Councils standing orders as follows:

(a) Every contract made by the Council shall comply with those standing orders, and no exception from any of the following provisions of those standing orders shall be made other than by the direction of the Council or in an emergency by the Clerk/RFO, provided that these standing orders shall not apply to contracts which relate to items (i) to (v) below:

- (i) for the supply of gas, electricity, water, sewerage and telephone services.
- (ii) for specialist services 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 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.

(b) Where it is intended to enter into a contract:

- (i) exceeding £2,500 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 paragraph (a) the Clerk shall invite tenders from at least three firms approved by the Council.
- (ii) for expenditures of £2,500 or less in value the Chairman or the Clerk shall have executive power.

(c) When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

(d) Every exception made by the Clerk to which the power of making

contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

- (e) 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 the tenders must be addressed to the Clerk and the last date by which the tenders should reach the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (f) All sealed tenders shall be opened at the same time on the prescribed by the Clerk or the properly authorised deputy in the presence of at least one member of the Council.
- (g) If less than three tenders are received for contracts valued above £2,500 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.
- (h) Any invitation to tender issued under this standing order shall contain a statement of the effect of standing order AA, BB and CC.
- (i) The Council shall not be obliged to accept the lowest or any tender.

12. Payments 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.
- 12.2 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 the work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the Council.
- 12.3 Any variation to or omission from a contract must be approved by the Clerk in writing and the Council be informed where the final costs likely to exceed the financial provision.

13. **Properties and Estates**

- 13.1 The Clerk 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.**
- 13.2 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 £500.

14. **Insurance**

- 14.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.3 The RFO shall be notified of any loss or damage or of any event likely to lead to a claim.
- 14.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

15 **Revision of Financial Regulations**

- 15.1 It shall be the duty of the Parish Council to review the financial regulations of the Council from time to time and to make such recommendations to the Council as the Committee considers are required.