

Aylburton Parish Council – Draft Financial Controls Policy

1. General

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Aylburton Parish Council (the Council) and may only be amended or varied by resolution of the Council.
- 1.2 The Council shall designate a Responsible Financial Officer (RFO), who would normally be the Clerk to the Council.
- 1.3 The RFO, under the direction of the Council, shall be responsible for the proper administration of the Council's financial affairs within the terms of this policy.
- 1.4 The RFO shall be responsible for the production of financial management information.

2. Duties of the Responsible Financial Officer (RFO)

- 2.1 To prepare financial reports for the Council or, at the RFO's discretion, the relevant Sub-Committee. These reports will cover, *inter alia*, budget monitoring, fund balances, receipts to date, payroll summary, payments of accounts and other relevant current matters.
- 2.2 To prepare draft budget estimates.
- 2.3 To monitor the approved annual budget during the financial year. To report thereon to the Council.
- 2.4 To submit the precept application to the District Council and supply any breakdown requested. Report to the Council the actual precept granted.
- 2.5 To ensure that all money received by the Council is banked as soon as possible after receipt.
- 2.6 To ensure that all money due to the Council is invoiced 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 ensure prompt submission of VAT returns and to deal with VAT inspections.
- 2.10 To prepare and balance final accounts in accordance with the regulations and report thereon to Council.
- 2.11 To produce accounts and records for external audit in accordance with the regulations.
- 2.12 To arrange for internal audit of all aspects of the Council's financial affairs in accordance with the regulations.
- 2.13 To monitor compliance with the Council's financial regulations and to ensure correct financial systems are in place.
- 2.14 To manage insurance risk and to ensure that claims are processed as necessary. To report annually to Council on insurance risk covered. To ensure that fidelity guarantee (theft by employee) insurance is provided.
- 2.15 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 of their being lost or stolen.
- 2.16 To identify and monitor the duties of other members of staff relating to matters of Council finance, ensuring that regular checks are undertaken as often as practicable.
- 2.17 To handle the overall management of payroll, including the Local Government Pension Scheme. To ensure prompt monthly payment of tax and national insurance to the collector of taxes. To ensure prompt payments of sums due

to the pension authority.

3. Annual Budget

- 3.1 Detailed estimates of income and expenditure shall be prepared each year by the RFO.
- 3.2 The Council shall review the estimates and recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 3.3 The estimates will be amended as necessary to match the precept granted and the resulting budget shall be submitted for approval by the Council. The approved budget shall form the basis of financial control for the ensuing year.

4. Budgetary Control

- 4.1 Expenditure may be incurred up to the amounts included in the budget (or each approved committee budget where applicable).
- 4.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate budget unless a reallocation has been approved by the Council.
- 4.3 The RFO shall periodically provide all members with a statement of income and expenditure to date with copies of regular bank reconciliations.
- 4.4 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 budgetary provision for the expenditure, subject to a limit of £500. The RFO shall report the action to the Council or appropriate Committee as soon as practicable thereafter.
- 4.5 No unbudgeted capital expenditure shall be incurred during the financial year in anticipation of a surplus at the financial year end.
- 4.6 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 capital funds are available or the requisite borrowing approval can be obtained.
- 4.7 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.
- 5.2 The RFO shall be responsible for compiling 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.
- 5.3 The duty of providing information, calculating, checking and recording sums due, or from the Council should be separated as far as possible from the duty of collecting or dispersing them.
- 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 5 of the Accounts and Audit Regulations 1996. Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

5.5 The RFO shall take responsibility for internal audit of the Council's accounts. The internal audit shall be carried out and reported to the Council on an annual basis. Spot checks will involve the checking of income from receipt through to the bank paying in book.

6. Banking Arrangements and Cheques

- 6.1 The Council's banking arrangements shall be made by the RFO and approved by the full Council. Such arrangements shall be reviewed on an annual basis.
- 6.2 A schedule of payments shall be prepared by the RFO and presented to the Council for approval. If the schedule is in order it shall be authorised by a resolution of the Council.
- 6.3 Cheques and authorisations shall require three signatures as follows: Any two councillors and the RFO, or when (s)he is payee, by any three councillors.

7. Payment of Accounts

- 7.1 Apart from petty cash payments all payments shall be effected by cheque or by direct credit transfer from the Council's current account.
- 7.2 All invoices for payment shall be examined, verified and certified by the Councillor/officer issuing the order. Before certifying an invoice the Councillor/officer shall satisfy themselves that the work, goods or services to which the invoice relates have been received, 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.
- 7.4 Duly certified invoices will be entered on the schedule 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 RFO in accordance with the payroll records.
- 8.2 The payroll totals, including payments to Inland Revenue and pension contributions, shall be shown as a single payment on the schedule presented to Council. Details of individual payments shall be kept by the RFO within the Council's accounts records.

9. Loans and Investments

- 9.1 All loans and investments (which must have the Council's prior approval in principle) 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 instructions. Changes to loans and investments must be reported to Council at the earliest opportunity. Loans and investments must be reviewed by the Council on a half-yearly basis.
- 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 effected in the name of the Council.
- 9.4 All investment certificates and other documents relating thereto shall be retained in the custody of 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 and to that end shall cause invoices to be despatched within 14 days of debts arising.
- 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.
- 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.
- 10.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on receipts records held by the RFO.
- 10.7 Personal cheques shall not be cashed out of money held by the Council.

11. Orders for Work, 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 e.g. petty cash purchases. Copies of orders shall be maintained.
- 11.2 All 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 practicable that the best available terms are obtained in respect of each transaction.

12. Contracts

- 12.1 The Clerk, in consultation with the appropriate Committee Chairman, may incur expenditure on operational or any new works or for the supply of goods not previously supplied, costing up to £500, provided such expenditure is within the overall budget of the Council.
- 12.2 Where it is intended to enter into a contract exceeding £2,000, but not exceeding £10,000 in value for the supply of goods, materials or services or for the execution of works, the Clerk to the Council shall invite not less than three quotations which must be submitted in sealed envelopes endorsed "Quotation for..." Followed by the subject, and addressed to the Clerk to the Council. The Clerk shall hold the quotations in a secure place until the time appointed for opening when he or she shall have them opened in the presence of a member of the Council and shall prepare a list for submission to the appropriate Committee or Council meeting.
- 12.3 Where it is intended to enter into a contract exceeding £10,000 in value, then a notice shall be placed in a newspaper circulating in the area, or a trade paper, inviting firms to express an interest in being included in the list from which tenders will be invited. The Clerk will then report to the appropriate Committee 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 the same as in 12.2 above.
- 12.4 The Council and its Committees are not bound to accept the lowest or any tender
- 12.5 If no tenders are received or if all are identical the Council may make such arrangements for procuring the goods, materials, services or works as it

thinks fit.

- 12.6 Canvassing of members, directly or indirectly, for acceptance of a submitted tender for contract shall result in the tender of the person or company concerned being rejected.
- 12.7 A person or company submitting a tender for contract, who is related to or has business dealings with any member or officer of the Council, shall, when submitting the tender, disclose that relationship to the Clerk to the Council. A person or company that fails to disclose such a relationship shall have their tender rejected. Every member and officer of the council shall disclose to the Clerk to the Council any relationship or business interest known to him or her to exist between himself or herself and any person or company who he or she knows has been invited to submit a tender for contract to the Council. Persons shall be deemed to be related if they are related by blood, adoption or marriage and for this purpose cohabiters shall be deemed to be married.
- 12.8 No exception from complying with these Financial Regulations in respect of any contract shall be made otherwise than by the direction of the Council or in an emergency, by the Committee to which expenditure power has been delegated.
- 12.9 Every exception made by a Committee shall be reported to the Council at its next ordinary meeting specifying the nature of the emergency justifying the exception.

13. Payments Under Contracts for Building or Other Construction Works

- 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 the appropriate committee.
- 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 The employee in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 14.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 14.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 14.4 The RFO shall be responsible for an annual check of all stocks and stores

15. Properties and Estates

- 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.
- 15.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.

16. Insurance

- 16.1 The RFO shall be responsible for effecting all insurances and negotiating all claims on the Council's insurers.
- 16.2 Members of staff 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 effected by Council and the property and risks covered thereby and annually review it.
- 16.4 All appropriate employees of the Council shall be included in suitable fidelity guarantee insurances.

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) from time to time during the financial year.
- 17.2 The internal auditor shall be appointed by the Council to monitor the financial management of the Council.