

AYLBURTON PARISH COUNCIL

DRAFT - MODEL FINANCIAL REGULATIONS

GENERAL INTRODUCTION

Standing Orders state that the Financial Regulations should be reviewed at least every four years.

These financial regulations govern the conduct of the financial transactions of Aylburton Parish Council and may only be amended or varied by resolution at the meeting of the parish council.

RESPONSIBLE FINANCIAL OFFICER

Section 151 of the Local Government Act (1972) requires local Parish Councils to appoint a Responsible Financial Officer (RFO).

The clerk is to be appointed the Responsible Financial Officer. The Responsible Financial Officer is designated by the parish council to ensure that the council maintains adequate accounting arrangements. The Responsible Financial Officer has a specific statutory duty as set out in the Local Government Act (1972).

The Responsible Financial Officer, under the Parish Council's direction shall be responsible for the proper administration and financial affairs of the Parish Council.

The Responsible Financial Officer and the Parish Council are all responsible for the management of their own resources. All members and officers are responsible for obtaining the best value for money.

BEST VALUE

The Government has introduced Best Value. The government requires that all parish council's should be measured in terms of challenge, consult, compare and compete. This is so that the Parish Council can provide a high quality of service in the interests of the community. This means giving the parish community an opportunity to comment on the environment and services.

In order to achieve this objective and meet the requirements of Best Value, regular budget reports should be provided to the Parish Council.

This should be reported at the parish meeting and recorded in the minutes of the Parish Council.

ACCOUNTABILITY

The Parish Council and RFO are responsible for ensuring appropriate arrangements are made on a regular basis for monitoring of income and payments against budgeted expenditure. In addition, to meet Best Value requirements, other related information or explanation may be required by the Audit Commission.

BANKING ARRANGEMENTS

The banking arrangements should be regularly reviewed.

All the Parish Council's accounts must be in the name of Aylburton Parish Council. In no circumstances must an account be opened in the name of an individual

The bank, to date, is Lloyds. To date, there is:

- (a) A Current Account.
- (b) Investment Account.

PAYMENT OF ACCOUNTS

(a) A schedule of payments required shall form part of the agenda for each the meeting. They shall be prepared by the RFO together with the relevant invoices and presented to the Parish Council.

(b) All payments by Aylburton Parish Council are paid by cheque.

(c) To indicate agreement of the cheque for payment, the details should also be recorded on the cheque counterfoil.

CHEQUE SIGNATORIES

(a) The Responsible Financial Officer plus two members of Aylburton Parish Council are authorised to sign the cheques.

(b) BANK MANDATES: When there is a change of officers, bank mandates should be regularly updated. The bank mandate shows the signature of the people authorised to sign cheques.

(c) Orders for payment of money shall be authorised at the parish meeting and signed by three members.

(e) Cheques are raised at the parish meeting. The appropriate invoice should be attached. Invoices should be verified.

CASH FLOAT

The parish council will not maintain any form of cash float. All cash is to be banked intact. Payments by the RFO for stationary shall be refunded on a regular basis. Items are to be recorded separately.

INCOME

In accordance with the Accounts and Audit Regulations, the parish council will record the name of the RFO who will then record any monies received.

VAT

The RFO shall complete any VAT return that is required. In accordance with the VAT Act (1994), Section 33, this shall be done annually and recorded in the minutes.

INTEREST

All sums, such as Interest received shall be deposited with Lloyds Bank. Items shall then be recorded in the minutes.

INSURANCE

In accordance with the Audit Regulations, the Parish Council is required to take out public liability, employers liability, money and fidelity guarantee insurance. Third party risks should be taken out if the parish council owns bus shelters and playground equipment.

PAYMENT OF SALARIES

Payment of salaries shall be made in accordance with payroll records and the Rules of PAYE. Salaries should be approved and signed at the parish meeting by the chairperson.

ANNUAL BUDGET

The RFO will be responsible for preparing an annual revenue budget of expenditure and income. The budget is an important part of the Accounts and Audit Regulations (1996), as amended.

Where small council's have no separate committee budgets, the budget goes straight to the council for consideration. The budget has three main purposes.

- (a) Setting the precept for the year.
- (b) Gives the parish council authority to spend money.
- (c) Provides a basis for monitoring progress.

The budget should be prepared in a consistent manner and discussed at the parish meeting.

ACCOUNTING PROCEDURES

All accounting procedures and financial records of the Parish Council shall be determined by the RFO as required by the Accounts and Audit Regulations (1996), as amended.

The RFO shall be responsible for the end of the financial year procedures. They are then discussed at the Parish Council meeting.

The RFO shall be responsible for the timescale set by the External Auditor.

THE ANNUAL RETURN

At the end of the financial year and in accordance with the Audit Commission Act (1998), Accounts and Audit Regulations (1996), as amended, the Annual Return is sent to the RFO by the External Auditors. The annual return is in four sections.

THE EXTERNAL AND INTERNAL AUDIT

The external auditor sends the RFO the annual return together with notes and guidance for the parish meeting to complete.

APPENDIX 1 ? TO ADVERTISE THE AUDIT

The following timetable summarises the tasks the Parish Council will need to schedule in order to prepare the accounts and begin the audit process.

The External Auditor appoints a date when local electors can exercise their right to ask questions.

- (1) The RFO will display in a conspicuous place the form: Notice of Appointment of Date for the Exercise of Electors Rights.

(2) The RFO will display in a conspicuous place the form: A Summary of Your Rights ?
Council's Accounts.

(3) The RFO will inform the external auditor that this has been done. He does this by sending a copy of the Notice back to the external auditor.

THE ANNUAL RETURN

The annual return is in four sections.

SECTION 1.

THE STATEMENT OF ACCOUNTS

The Statement of Accounts is completed by the RFO at the parish meeting. The statement requires the transfer of key financial data items from the parish council's records in accordance with the guidance form.

The RFO and the chairperson then sign it. It is recorded as a minute reference.

The form requires a bank reconciliation and year-end figures to be attached.

SECTION 2

THE STATEMENT OF ASSURANCE

At the parish meeting, members of the parish council also sign the form. This summarise their acceptance and understanding of their statutory responsibilities and an acknowledgement that they have fulfilled their duties as required by statute.

The RFO and chairperson also sign this.

SECTION 3

EXTERNAL AUDITORS CERTIFICATE AND OPINION

This section is left blank to be filled in by the external auditor.

SECTION 4

ANNUAL REPORT BY THE INTERNAL AUDITOR

Aylburton Parish Council are required to appoint an internal auditor. He/she will need to demonstrate adequate independence and competence to meet the needs of the Parish Council.

The Internal Auditor fills in this section before the form is sent back to the External Auditor.

The Internal Auditor checks:-

- (a) That the books of account have been kept up to date.
- (b) Sample of payments are supported by Invoices and VAT accounted for.
- (c) Reviews the Council's risk assessment.
- (d) Checks that the annual precept request is a result of the budget process.
- (e) Checks salaries are according to PAYE.
- (f) Completeness of Bank Statements.

THE AUDIT

Section 6 of the Audit Commission Act (1998) entitles the External Auditors to rights of access to the parish council's documents.

CONCLUSION OF AUDIT

The Audit Commission Act (1998) and Accounts and Audit Regulations (1996) require that:

- (1) The RFO displays in a conspicuous place the form: Notice of Conclusion of the Audit and right to inspect the Annual Return.
- (2) The RFO, at the end of the fourteen days, completes and returns to the External Auditor the form: Statement of Assurance on Completion of Audit.

ORDERS FOR WORK, GOODS OR SERVICES

The RFO puts forward to the parish meeting any proposed order for work.
The RFO checks the order is lawful. The item is recorded in the minutes.

PROCEDURE FOR CONTRACTS

Procedures for contracts are as follows:-

Every contract shall comply with these regulations:-

- (i) For the supply of gas, electricity, water and telephone services.
- (ii) For services provided by solicitors, accountants and surveyors.
- (iii) For work or materials to be supplied.
- (iv) For any additional audit work by the external auditor.

Tenders must be invited for services with an adjusted annual cost of over £250.

Tenders for a contract are obtained by open competition. An advertisement must be published in one local newspaper or appropriate trade journal. The advertisement must say what the contract is for and give a closing date. Invitations to tender must be sent to at least two contractors by the RFO as agreed at the parish meeting.

SUBMISSION OF TENDERS

The advertisement must state that a tender will only be considered if it is received in a sealed envelope with the word "Tender" and title of contract written on it.

No tender received after the closing date will be considered.

OPENING OF TENDERS

Tenders received must be opened at the parish meeting.

The RFO must keep a record of all tenders.

- (a) Aylburton Parish Council are not obliged to accept the lowest of any tender or estimate.

PAYMENTS OF CONTRACTS

- (a) Payments on account of the contract sum shall be made within the time specified in the contract by the RFO.

- (b) Any variation to a contract must be approved by the parish council in writing.

MINUTES

A master copy of the minutes shall be kept by the RFO in a safe place.

CODE OF CONDUCT

The Parish Council's (Model Code of Conduct) Order 2001, is a Statutory Instrument 2001, No. 3576.

The Secretary of State for Local Government under the Local Government Act, 2000, has put this legislation forward.