



Newton and Biggin Parish Council (PC)

Financial Procedures - July 2021

Approved at the PC Meeting on July 29 2021

Review date March 2022

1. General

1.1. Approved Financial Procedures is the Parish Council's governing policy document providing procedural guidance for members and officers. Financial Procedures must be observed in conjunction with the council's standing orders and any individual financial regulation documents. The council is responsible in law (The Accounts and Audit Regulations 1996) and Proper Accountancy Practice, 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.

1.2. 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;
- for internal and external audit;
- identifying the duties of officers; and
- to make its financial management completely transparent.

1.2. These financial regulations demonstrate how the council meets these responsibilities and requirements.

1.3. These financial regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.

1.4. The Clerk is the Responsible Financial Officer (RFO).

1.5. The RFO under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs.

1.6. The RFO shall be responsible for the production of financial management information.

2. Annual Budget

2.1 The council is required by law, (Local Government Finance Act 1992 s49a) to produce a budget which forms the basis for the council raising a precept.

2.2 The financial year runs from 1st April to 31st March.

- 2.3 The Council shall begin to formulate the rolling programme not later than the end of November each year in collaboration with the Chair in readiness for budget sign off in January of the following year.
- 2.4. Detailed estimates of income and expenditure on revenue services, and receipts and payments, shall be prepared each year by the RFO.
- 2.5. The Council shall review the estimates and recommend the precept to be levied for the ensuing financial year, not later than the second week of January in each year. The RFO shall supply each member with a copy of the approved estimates.
- 2.6. The annual budget shall form the basis of financial control for the ensuing year and entered on SCRIBE, the financial management system used by the Council.

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 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 head of the approved annual revenue and capital budgets.
- 3.4. The RFO, in collaboration with the Chair, 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 as soon as 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 Councils 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 be carried forward to a subsequent year but vired to a specific reserve.
- 3.7. No expenditure shall be incurred in relation to any capital project, no contract entered into or tender accepted involving expenditure unless the Council is satisfied that necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.8. All 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 1996.
- 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 Internal Auditors and report to the Council.

- 4.3. The following principles shall be observed in connection with accounting duties.
- 4.4. The duty of providing information, calculating, checking and recording sums due to, and from, the Council, should be separated as completely as possible from the duty of collecting or dispersing them.
- 4.5. Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
- 4.6. The RFO shall be responsible for maintaining an adequate and effective system of internal control of the Council's accounting, financial and other operations in accordance with regulation 5 of the Accounts and Audit Regulations 1996.
- 4.7 An Internal Auditor shall be appointed to check the books/governance arrangements annually and fill out a section on the Annual Return (AGAR) for this purpose. A half yearly audit should also be carried out by the Chairman or any other nominated Councillor.
- 4.8 A Councillor shall be nominated and agreed to work with the RFO to provide support and enhance financial control.

5. Banking Arrangements and Cheques

- 5.1. The Council's banking arrangements shall be made by the RFO and approved by the Council. The Council Clerk (as RFO) will use internet banking (the current provider is Lloyds Banking for Business).
- 5.2 Any changes to Banking Arrangements will be made by Lloyds Banking Mandate and approved by the Council.
- 5.2. A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices etc presented to the Council. If the schedule is in order, it shall be proposed and seconded and payments authorised by a resolution of the Council.
- 5.3. Any cheques drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed (including stubs) by two members of the Council who are authorised to sign cheques.
- 5.5 Internet banking payments shall be authorised in the same way (ie two authorised signatories on invoices and reported to the next Council meeting. Minute references where payments are approved, are recorded on invoices. (Scribe will automatically record minute references).

6. Payment of Accounts

- 6.1 All invoices for payment shall be examined, verified and certified by the officer issuing the order.
- 6.2 Regular payments as specified within the approved report to the Parish Council in June 2020, where a request for variance to the Standing Orders regarding approval to pay invoices for budget items, will be paid and reported to the following Parish Council meeting.

- 6.3 Before certifying an invoice, the officer shall satisfy herself/himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.4 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure code. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.5 All duly certified invoices will then be entered on the schedule (the cash book) and entered into Scribe financial management system.
- 6.6 All invoices paid will be maintained and the minute number where the payment was approved shall be recorded on the invoice.

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries and HMRC contributions shall be made by internet banking using the schedule of the payment of money and presented to the Council in the normal way once the Chair has signed the appropriate time sheet.
- 7.2 Payment of honorarium shall be agreed in advance, minuted and actioned by the RFO.

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 for a set 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 in the name of the Council.

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 who shall be ultimately 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 of the RFO.
- 9.4 Any bad debts shall be reported to the Council.
- 9.5 All sums received on behalf of the Council shall be banked by the RFO and receipts maintained.
- 9.6 Every transfer of official money from one member of the Council to another member shall be signed for by the receiving officer.

9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.

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 e.g. small emergency purchases (printer consumables for example). Copies of orders issued shall be maintained.

10.2 Orders shall be controlled by the RFO.

10.3 All officers are responsible for obtaining value for money at all times. Officers issuing an order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of all transactions.

11. Contracts

11.1 Any Committee that has financial resources is empowered to make recommendations for expenditure in matters pertaining to that Committee subject to the Standing Orders.

11.2 Competitive Tendering may be used with Best Value criteria applied to the final selection. The Council shall not be obliged to accept the lowest of any tender.

11.3 Three quotations should be requested for the Council to consider prior to letting contracts.

11.4 Requests for expenditure for any work, supply of goods or services, estimated to cost less than £1,000, may be authorised and actioned by the RFO once authorised by the Chair.

11.5 Where the urgency of a matter is such that a committee or Parish Council Meeting is not practical, the Chair may grant approval along with the Vice Chair to grant approval by means other than a formal meeting.

11.6 All expenditure is to be approved by the Council prior to payment.

11.7 All cheques or internet banking payments (invoices) will be raised and signed by the RFO and countersigned by two Authorised Councillors. The Authorising of Councillors to sign cheques or confirm payments will be carried out during normal business and will be minuted in accordance with Banking Instructions.

12. Insurance

12.1 The RFO shall administer all insurance and negotiate all claims on the Council's insurer.

12.2 The RFO shall insure that all new risks and properties/items which require to be insured are added to existing insurance.

12.3 The RFO shall keep a record of all insurance effected by the Council and the property and risks covered thereby and annually review it.

12.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.

12.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

13. Revision of Financial Regulations

13.1 It shall be the duty of the Council to review the financial regulations of the Council annually and to make such changes as the Council considers are required.

14. Value Added Tax (VAT)

14.1 Records of VAT paid should be kept and at least twice per year reclaimed from HMRC (VAT 126 department) and recorded as income.

15. Petty Cash

15.1 Petty Cash is not a function of the Parish Council. All small miscellaneous payments and claims are recorded and managed as other payments.

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