



## Newton and Biggin Parish Council

### Financial Procedures 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
  - to make its financial management completely transparent
- 1.3. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.4. 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.
- 1.5. The Clerk is the Responsible Financial Officer (RFO).
- 1.6. The RFO under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs.
- 1.7. 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, in line with Rugby Borough Council's timescales, usually in January. 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 receipts and payments 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 and minute reference recorded.

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 Council's 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:

4.3.1. 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.

4.3.2. Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.

- 4.4. 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.
- 4.5. 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.
- 4.6. A Councillor shall be nominated and agreed to work with the RFO to provide support and enhance financial control – **Councillor Rick Crane**

## 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.
- 5.3. 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.
- 5.4. 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 made by the RFO after being formally approved at a Council meeting. If a payment must be made before being approved, this must be pre-authorised by the Chair, and reported at the next Council meeting. Minute references where payments are approved, are recorded on invoices and in Scribe.  
**(Lloyds Treasurers account currently has no facility for the RFO to raise payments and for another user to approve them; or any facility to limit the maximum transfer value without additional authorisation. This is being reviewed with Lloyds and additional layers of security / authorisation will be implemented where appropriate.)**

## 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 **appendix 1** regarding approval to pay invoices for budget items, will be paid by the RFO and reported to the following Parish Council meeting.
- 6.3. Before certifying an invoice, the officer shall satisfy themselves 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 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 (appendix 1) shall be made by internet banking after the Chair has approved the appropriate timesheet and once payslips have been received from the payroll provider. These payments will be presented to the Council in the normal way at the next Council meeting.

7.2. Payment of honorarium (appendix 1) 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 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. The 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 always obtaining value for money. An officer 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. Contracts with an estimated value of £25,000 or over, are to follow the formal tender process as detailed in the Standing Orders, 18 C and 18 D. 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. For contracts with an estimated value of less than £25,000, the Council will endeavour to obtain three quotations for the Council to consider prior to letting contracts.
- 11.4. For contracts where the estimated value is likely to exceed £138,893 (or other threshold specified by the Office of Government Commerce from time to time) the Council must follow the Standing Orders 18 F.
- 11.5. Where the urgency of a matter is such that a committee or Parish Council Meeting is not practical, the Chair, along with the Vice Chair, may grant approval by means other than a formal meeting.
- 11.6. All expenditure is to be approved by the Council prior to payment. (Unless the payment is subject to Financial Regulations 5.5 or 6.2)
- 11.7. All cheques or internet banking payments (invoices) will be raised and signed in line with Financial Regulations 5.4 and 5.5. 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 insurance.
- 12.2. The RFO shall ensure that all new risks and properties / items which require to be insured are added to existing insurance policy and ensure that the Asset Register on Scribe is kept up to date.
- 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.

**Approved: 28 April 2022**

**Chair Signature:**

**Minute Reference:**

**Review Date: April 2023**

## **APPENDIX 1 – APPROVAL TO MAKE REGULAR PAYMENTS FOR BUDGETED ITEMS**

The following payments arise on a regular basis as the result of a continuing contract, statutory duty, or obligation, for which the Council may authorise payment for the year provided that the requirements are in line with the agreed budget.

A list of such payments shall be submitted to the next appropriate meeting as part of the financial report.

As part of approving the Financial Procedures annually, the Council are also approving the following regular payments in line with the budget:

1. Salary (Clerk) – in accordance with Financial Regulations 7.1
2. HMRC – in accordance with Financial Regulations 7.1
3. Honorarium for carpark locking / unlocking – in accordance with Financial Regulations 7.2
4. Honorarium for bridleway entrance grass-cutting - in accordance with Financial Regulations 7.2
5. Website / server support
6. Street lighting (paid by direct debit)
7. Village Hall internet provision (paid by direct debit)
8. Annual payments to:
  - Public Liability / Council Insurance
  - WALC subscription
  - Scribe Accounts subscription
  - Information Commissioner (direct debit)
  - Internal Audit
  - External Audit
  - Payroll provider

Other invoices will be presented for authorisation in advance of payment at the next Parish Council meeting.

**Appendix 1 Approved: 28 April 2022**

**Chair Signature:**

**Minute Reference:**

**Review Date: March 2023**