

LEIGHTON BROMSWOLD PARISH COUNCIL

Chairman: Bohdan Mysak Clerk: (Minutes) Penny Wood; (RFO) Bohdan Mysak

FINANCIAL REGULATIONS

1. GENERAL

Leighton Bromswold Parish Council is a small Council, with a total budget of c£8,000 pa.

Because of this, the Council has an exemption from an external Auditor.

The main item of expenditure is the parish grass cutting, which includes the churchyard, and maintenance for the recreation area and the village in general.

In setting its budget, the Council endeavours to maintain a reserve of at least 50% of the annual spend, which can be used for emergency spending or in making applications for grants.

At the time of preparing the budget, the fixed asset base had a book value of c£84,000, most of which relates to the play equipment and tennis court in the recreation area. Some of these items are of high value and Council needs to consider whether the reserve should be increased in order to fund their eventual replacement or risk losing an important village amenity.

The Council is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of financial control which facilitates the effective exercise of its functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption.

These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council and demonstrate how the Council meets these responsibilities.

- a) The Responsible Financial Officer (RFO) is a statutory office and will be appointed by the Council.
- b) The Clerk has been appointed as RFO/ Clerk for this Council and these Regulations will apply accordingly.
- c) The RFO/ Clerk, acting under the policy direction of the Council, will administer the Council's financial affairs in accordance with all Acts, Regulations, and proper practices.
- d) The RFO/ Clerk will determine on behalf of the Council its accounting records, and accounting control systems.
- e) The RFO/ Clerk will ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- f) In particular, the accounting records will contain
 - Entries of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments relate.
 - A record of the assets and liabilities of the Council, and
 - Wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

The accounting control systems will include:

- Procedures to ensure that the financial transactions of the Council are recorded as soon as is reasonably practicable and as accurately and reasonably as possible.
- Procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records.
- Identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.
- Procedures to ensure that uncollectable amounts, including any bad debts, are not submitted to Council for write-off approval except with the approval of the RFO/ Clerk and that any such approvals are shown in the accounting records and Minutes.

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- Measures to ensure that risk is properly managed.
- g) The RFO/ Clerk will assist Council in securing economy, efficiency, and effectiveness in the use of its resources
- h) The RFO/ Clerk will produce financial management information as required by the Council.
- i) At least once a year, prior to approving the Annual Return, the Council will conduct a review of the effectiveness of its system of internal control which will be in accordance with proper practices.
The Chairman and Clerk at the March Meeting will organize this.
- j) The Council's accounting control systems must include procedures:
 - For the timely production of accounts.
 - That provide for the safe and efficient safeguarding of public money.
 - To prevent and detect inaccuracy and fraud; and
 - Identifying the duties of officers.
- k) In these Financial Regulations, references to the Accounts and Audit Regulations will mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
- l) In these financial regulations the term 'proper practice' or 'proper practices' will refer to guidance issued in Governance and Accountability in local Councils in England and Wales — a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.
- m) Any breach of these Regulations by an employee is deemed to be gross misconduct.
- n) Members of Council are expected to observe the instructions within these Regulations and regularly, as a fundamental part of their responsibilities, check that functions and reporting are correctly carried out nor are they expected to entice employees to breach the instructions within these Regulations, as both these actions can bring the office of Councillor into disrepute.
- o) All financial decisions will be a matter for the full Council only and cannot be delegated.

2. ANNUAL ESTIMATES (BUDGET)

- a) Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year will be prepared each year by the RFO/ Clerk in the form of a budget to be considered by the Council.
- b) The Council will review the budget not later than the November meeting of each year and will fix the Precept to be levied for the ensuing financial year. The RFO/ Clerk will issue the precept to the billing authority and will supply each Member with a copy of the approved budget.
- c) The annual budget will form the basis of financial control for the ensuing year.
- d) The Council will consider the need for and will have regard to a three-year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

In preparing the three-year forecast and annual budget, the RFO/ Clerk and Council should endeavour to establish and maintain a reserve of no less than 50% of annual spend (excluding grant assistance).

3 BUDGETARY CONTROL AND AUTHORITY TO SPEND

- a) Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- b) No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure unless approved by Council resolution and only if reserve is not materially impacted.
- c) During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.

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- d) The RFO/ Clerk will provide to all Council Members before each Council Meeting a Statement of Receipts and Payments for the period and cumulative year to date under each head of the budget, comparing actual expenditure, to the appropriate date, against that planned in the budget for the same period.

The RFO/ Clerk will include a bank reconciliation for the period which may be verified by any Council Member and recorded in the Minutes as such.

- e) All expenditure will normally be authorised by full Council at a Council Meeting, although in cases of emergency, such authority may be obtained by email from a majority of Members.
- f) The RFO/ Clerk may not incur expenditure 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, on behalf of the Council **without consultation with the Chair and the agreement of a majority of Councillors.**
- g) Any expenditure must be reported at the next Council Meeting.
- h) Unspent provision in the revenue budget will be carried forward by resolution of the Council to a subsequent year. ~~by placing them in an ear marked reserve.~~ Unspent provisions will be added to general revenue reserves, by resolution of the Council. ~~providing such action is required to maintain an agreed risk assessed level of working capital.~~
- i) No expenditure will be incurred in relation to any capital or revenue project and no contract entered into or tender accepted involving capital expenditure or revenue unless the Council is satisfied that the necessary funds are available and that there is no material impact on the reserve.
- j) All capital works will be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- a) The RFO/ Clerk will determine all accounting procedures and financial records of the Council in accordance with the Accounts and Audit Regulations.
- b) The RFO/ Clerk will complete the Annual Financial Statements of the Council, including the Council's Annual Return, as soon as practicable after the end of the financial year and will submit them and report thereon to the Council.
- c) The RFO/ Clerk will complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and will submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- d) The RFO/ Clerk will ensure that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices.
- e) Any officer or Member of the Council will, if the RFO/ Clerk or Internal Auditor requires, make available such documents of the Council which appear to the RFO/ Clerk or Internal Auditor to be necessary for the purpose of the internal audit and will supply the RFO/ Clerk or Internal Auditor with such information and explanation as the RFO/ Clerk or Internal Auditor considers necessary for that purpose.
- f) The Internal Auditor will be appointed by and will carry out the work required by the Council in accordance with proper practices.
- g) The Internal Auditor, who will be competent and independent of the operations of the Council, will report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year.
- h) In order to demonstrate objectivity and independence, the internal auditor must be free from any conflicts of interest and must not be involved in the financial decision making, management or control of the Council.
- i) The RFO/ Clerk will arrange for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and Statements of Account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

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- j) As soon as practicable, the RFO/ Clerk will bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

5. BANKING ARRANGEMENTS AND CHEQUES

- a) The RFO/ Clerk will make the Council's banking arrangements, including the Bank Mandate and Council must approve these arrangements before they are operational. They will be reviewed at least annually for efficiency.
- b) A Schedule of the payments required, forming part of the Agenda for the Meeting, will be prepared by the RFO/ Clerk and, together with the relevant invoices, circulated to Council prior to the Meeting.
- c) If the Schedule is in order, it will be authorised by a resolution of the Council and will be initialled by the Chairman of the Meeting.
- d) The agreed payments will be included in the Minutes of the Meeting.
- e) Cheques/ BACS payments drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, will be signed/ authorised by two Members of Council.
- f) Council has moved to BACS payments as the norm. But, where cheques are used, to indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, signatories will each also initial the cheque counterfoil.

6. PAYMENTS OF ACCOUNTS

- a) Payments will normally be made by BACS payment drawn on the Council's Bank.
- b) All invoices for payment will be examined, verified, and certified by the RFO/ Clerk and circulated to Councillors.
- c) The RFO/ Clerk will satisfy him/herself that the work, goods, or services to which the invoice relates will have been received, carried out, examined, and approved.
- d) The RFO/ Clerk will examine invoices in relation to arithmetic accuracy and will analyse them to the appropriate expenditure heading.
- e) The RFO/ Clerk will take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- f) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the RFO/ Clerk certify that there is no dispute or other reason to delay payment, the RFO/ Clerk should seek authority from the Chairman (or his Deputy) and one other Council Member to make payment.
- g) Any such payment must be included in the list of payments at the next available Council Meeting.
- h) The Council will not maintain any form of cash float. All cash received must be banked intact.
- i) Any payments made in cash by the RFO/ Clerk for example for postage or minor stationery items) will be refunded at the next available Council Meeting, provided they have been included on an Expense Claim
- j) Direct Debit is currently used only for payments to NEST, ie Clerk's pension. Should the need arise, any other arrangement must be agreed by Council resolution before being implemented

7. PAYMENTS OF SALARIES

- a) Unless agreed in writing with the Inland Revenue, the Council will, as an employer, ensure it meets fully the statutory requirements placed on all employers by PAYE and National Insurance legislation.

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- b) With the agreement of the Inland Revenue, the payment of the RFO/ Clerk to Leighton Bromswold Parish Council will be made in accordance with Local Council pay scales on presentation of a Timesheet to the Chairman and one other Member for checking, before each Council Meeting, which must then be agreed by Council.
- c) Payment of salary may not be deferred for more than one salary period and must not be deferred at all at year end.
- d) Unless agreed in writing with the Inland Revenue, payment of salaries and payment of deductions from salary such as may be made for tax, national insurance, and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

8 LOANS AND INVESTMENTS

- a) Council will not engage in any loans or investments.

9 INCOMES

- a) The collection of all sums due to the Council will be the responsibility of and under the supervision of the RFO/ Clerk.
- b) Details of all charges to be made for work done, services rendered, or goods supplied will be agreed annually by the Council and notified to the RFO/ Clerk.
- c) RFO/ Clerk will be responsible for the collection of all accounts due to the Council.
- d) The Council will review all fees and charges as they occur, comparing them to budget, following on the regular reports of the RFO/ Clerk.
- e) Any sums found to be irrecoverable and any bad debts will be reported to the Council and will be written off in the year.
- f) All sums received on behalf of the Council will be banked intact as directed by the RFO/ Clerk.
- g) In all cases, all receipts will be deposited with the Council's Bank with such frequency as the RFO/ Clerk considers necessary.
- h) The origin of each receipt will be entered on the Paying-in Slip and in the Cash Book.
- i) Personal cheques will not be cashed out of money held on behalf of the Council.
- j) The RFO/ Clerk will promptly complete any VAT Return that is required.
- k) Any claim for repayment, due in accordance with VAT Act 1994 section 33, will be made at least annually coinciding with the financial year end.
- l) Where any significant sums of cash are regularly received by the Council, the RFO/ Clerk will take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance; that there is a reconciliation to some form of control such as ticket issues; and that appropriate care is taken in the security and safety of individuals banking such cash.

10 ORDERS FOR WORK, GOODS AND SERVICES

- a) The Clerk/ RFO must issue an official order or letter for all work, goods, and services. Councillors must not issue any such order or letter on behalf of Council.
- b) Copies of all such orders must be retained for the defined retention period.
- c) Order books will be controlled and maintained by the RFO/ Clerk alone.
- d) All Members and Officers are responsible for obtaining value for money at all times.
- e) An Officer issuing an official order will ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction. ~~usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimum provisions in Regulation 11 (1) below.~~

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- f) 10.4 The RFO/ Clerk will verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO/ Clerk will ensure that the statutory authority will be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

11 CONTRACTS

- a) Council will not enter into any contracts. If circumstances arise where this should prove necessary, then the tendering process as described in the model Financial Regulations will be invoked after Council agreement.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- a) cf 11a (above)

13 ASSETS, PROPERTIES AND ESTATES

- a) The RFO/ Clerk will make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO/ Clerk will ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest and purpose for which held in accordance with Accounts and Audit Regulations.
- b) No property will be sold, leased, or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed E50.
- c) The RFO/ Clerk will ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register will be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

14 INSURANCES

- a) Following the annual risk assessment, the RFO/ Clerk will renew all insurances and negotiate any claims on the Council's insurers.
- b) The RFO/ Clerk will keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- c) The RFO/ Clerk will be notified of any loss liability or damage or of any event likely to lead to a claim and will report these to Council at the next available Meeting.
- d) All appropriate employees of the Council will be included in a suitable fidelity guarantee insurance which will cover the maximum risk exposure as determined by the Council.

15 RISK MANAGEMENT

- a) The Council is responsible for putting in place arrangements for the management of risk.
- b) The RFO/ Clerk will prepare, for approval by the Council, a Risk Management Policy Statement in respect of all activities of the Council.
- c) At least annually, The Council will review the Risk Policy Statement, and consequential risk management arrangements, along with other Policy documents.
- d) When considering any new activity, the Council will prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

16 REVISIONS OF FINANCIAL REGULATIONS

- a) The Council has a duty to review the Financial Regulations of the Council annually.
- b) The RFO/ Clerk will constantly monitor changes in legislation or proper practices and will advise the Council of any requirement for a consequential amendment to these Financial Regulations.

Adopted by the Council at its Meeting held on 6th January 2021.