

COLESHILL PARISH COUNCIL: Financial Regulations: June 2016

1. General

- 1.1. These regulations govern how the council conducts its financial affairs. They set out how all money matters are dealt with and should be complied with at all times. They are approved by full council and can only be amended by full council as an agenda item with proper notice.
- 1.2. They form part of the arrangements by which the council discharges its responsibility under the Accounts and Audit Regulations 2015 to ensure: a) that the financial management of the council is adequate and effective and that it has a sound system of internal control, and b) that its accounts comply with proper practices as set out in "Governance and Accountability for Smaller Authorities in England – A Practitioners' Guide"
- 1.3. Other arrangements are set out in the Council's Standing Orders in relation to Contracts and Tendering and any accounting instructions issued by the council's Responsible Finance Officer, which should be referred to in conjunction with these regulations where appropriate.
- 1.4. The regulations should be reviewed annually as part of the council's assessment of its internal control arrangements and amended where necessary to ensure that they remain effective and up to date.

2. The Budgetary Process

- 2.1 Each year, before work begins on the budget, the Council will meet to consider the main issues that it wants to address and agree its objectives for the next year and for the medium term. It will review what has happened so far in the current year and identify any problem areas that need to be tackled and any changes that it wants to make during the planning period.
- 2.2 At the beginning of the budget process the council will consider any capital projects that are in progress or which are planned. No major projects should be undertaken without a detailed feasibility report which will include funding sources, cash flow forecasts and revenue implications for future years. Commitments to capital schemes should not be entered into unless and until the financial consequences have been incorporated in the council's approved budget.
- 2.3 By the end of November draft spending plans and income proposals for the forthcoming year should be submitted to council, together with forecasts for the next two years. These should be accompanied by a report from the RFO on the estimated level of resources and issues arising from the proposals.
- 2.4 The council will consider the detailed budget in January for approval. It shall review the resources available to it, including grants and reserves, and set the precept for the next year.

3. Budgetary Control

- 3.1 Expenditure on revenue items may be incurred up to the amounts approved in the budget. Payments on any capital project should be made in accordance with forecast cash flows included in the approved project plan.
- 3.2 Where essential spending would otherwise exceed the approved budget, amounts can be transferred from reserves with the approval of council.

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- 3.3** The RFO shall report regularly to Council on actual spending and income against budget, highlighting significant variances. Unspent balances at the year-end will be transferred to the general reserve.
- 3.4** Urgent expenditure of up to £500 may be authorised by the clerk, notwithstanding any budgetary provision. Such spending should be reported to Council as soon as possible and the budget should be amended accordingly.

4. Accounting and Audit

- 4.1** Accounting procedures and financial records shall be determined by the RFO, who shall issue such accounting instructions as are considered necessary.
- 4.2** The RFO shall be responsible for preparing the council's financial statements and completing the relevant section of the Annual Return required by proper practices, and submitting to the Council in accordance with the statutory time limits.
- 4.3** The Clerk shall ensure that all statutory requirements to publish accounting statements and facilitate public access and inspection are complied with and that the requirements of the External Auditor are met.
- 4.4** A suitably competent and independent person shall be appointed by the council as its internal auditor, to undertake regular reviews of the council's internal control systems and report thereon to the Council. The appointed person should complete the relevant section of the Annual Return.
- 4.5** The RFO shall, as soon as practicable, 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. All reports by the Internal or External Auditor shall be considered by council. Any recommendations should be implemented or reasons why they are not, recorded in the minutes.
- 4.6** The council should review the effectiveness of its internal audit arrangements on a regular basis.
- 4.7** Members and officers shall co-operate with auditors and provide such information and records as they or the RFO requires.

5. Safeguarding Money

- 5.1** The council shall ensure that one of its officers has responsibility for the proper administration of its financial affairs, the RFO. In the absence of the RFO, the person designated by him/her shall act as the RFO. If no such person has been designated, the council shall appoint a deputy. The RFO should be familiar with the statutory duties for financial administration as they apply to the council. The duties of the RFO include advising the council on its corporate financial position, key financial controls and treasury (cash and investments) management.
- 5.2** The RFO is responsible for setting up banking arrangements but these and any changes to them, must be approved by the council. Any arrangements to automatically transfer money between accounts must also be approved by the council.
- 5.3** The use of any form of corporate credit card is not permitted.
- 5.4** Each bank mandate, list of authorised signatures, limits of authority and amendments to any of these, must be approved by the council. Authorised signatories should be rotated on a regular basis.
- 5.5** Monies received should be banked on a regular basis by the RFO. Cash should be banked, intact, at the earliest opportunity. Wherever possible arrangements for handling cash should involve at

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least two people. All people responsible for financial matters should receive appropriate training.

- 5.6** The council will review the arrangements for handling money and its associated risks at least annually. Up to date bank reconciliations should be presented to each ordinary meeting of the council, including copies of bank statements.
- 5.7** Invoices for payment should be checked by the Clerk and entered onto a schedule for approval by council. Payments should be made by cheques signed by two authorised members. Where electronic banking is used, arrangements, approved by council, must ensure that at least two people authorise any transaction, one of whom should be a member. Urgent payments may, exceptionally, be made by the clerk in consultation with the RFO and council Chairman. These should be reported to the next meeting, with appropriate explanations.
- 5.8** Once approved, signed cheques should be issued or other forms of payment initiated promptly by the RFO.
- 5.9** A petty cash float is not required by Coleshill Parish Council.
- 5.10** Direct debit or standing order payments may be permitted, with the approval of council, for regular items such as utility bills or payroll. Amounts so paid should be reported to council along with the normal payment schedule. The RFO must ensure that all salary and other relevant payments comply with PAYE and other rules issued by HMRC.

6. Loans and Investments

- 6.1** Surplus revenue balances should be invested in a bank deposit account as arranged by the RFO and approved by Council. Longer term investments, where advisable should be invested in line with current statutory guidelines and advice and be approved by council.
- 6.2** No long term borrowing should be undertaken without appropriate borrowing approval, the nature and terms of which shall be approved by council. Overdraft arrangements for short term cash flow purposes shall be on such terms as negotiated by the RFO and approved by council.

7. Income

- 7.1** Income from fees, charges, grants etc., should be regularly reviewed to ensure that full advantage is taken of opportunities to raise additional resources. Charges set by council should be reviewed annually as part of the budget process.
- 7.2** The RFO should issue invoices promptly and institute efficient collection arrangements. Irrecoverable amounts should be written off by the council, following a report from the RFO.
- 7.3** VAT claims and returns should be completed promptly by the RFO in accordance with current HMRC rules.

8. Orders for Goods and Services

- 8.1** Before placing an order or making a purchase steps should be taken to ensure that the council is paying a competitive price and achieving good value for money. Wherever possible quotes should be obtained from 2 sources when the cost is estimated to be over £500. Where the estimated cost exceeds £1,500, 3 formal written quotes should be sought.
- 8.2** Longer term contracts for the supply of services such as gas, electricity, water and telephones should be regularly reviewed to ensure that the best terms are being obtained with regard to tariffs and supplier. Other ongoing arrangements such as with professional advisers, banks,

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insurance providers, maintenance contractors etc., should be reviewed at least every three years and a report prepared for council on how best to ensure continuing value for money. Everyone involved with the council should be aware of the need to achieve value and increase efficiency and should bring relevant issues to the attention of the clerk and the council.

- 8.3** Orders should be placed by the RFO or other officer approved by him/her as the appropriate budget holder. Before committing the council the responsible person should check that funds are available within the budget and that the council has the necessary power to incur the expenditure.
- 8.4** Orders should only be placed for goods and services that will be used by the council for its own purposes.
- 8.5** For capital projects and other contracts estimated to cost in excess of £10,000 the council's contract standing orders should be followed.
- 8.6** Where, in accordance with these standing orders, contracts with a value over £25,000 are advertised, the information should also be published on the government's Contracts Finder system. Details of the award of a contract over £25,000 should also be published on Contracts Finder. (*Public Contracts Regulations 2015*).

9 Assets

- 9.1** Items of equipment should be recorded on an inventory list, which should be checked periodically by the RFO. If a stores system is operated proper procedures for receiving, storing, issuing and valuing stock items should be followed as determined by the RFO in accordance with good practice.
- 9.2** Capital assets should be recorded in the Council's Asset Register at original cost. Where appropriate assets should be properly maintained and sufficient funds should be included in the revenue budget to enable this to happen. Assets, particularly land and buildings, should be reviewed to assess if the council is making the most effective economic use of them. Surplus assets should be disposed of, with the approval of council, for the best possible price.

10 Risk Management

- 10.1** The council should conduct a risk assessment of its activities at least annually. This should involve identifying significant risks and agreeing how they should be managed, taking into account the potential consequences and the likelihood of the event happening. New ventures should be subject to a risk assessment before they are approved and the resultant management actions implemented.
- 10.2** Insurance arrangements should be set up by the RFO to cover potentially high cost risks and meet statutory obligations. Insurance terms and costs should be kept under regular review to ensure that best value is obtained.

11 Charities

11.1 Where the council is sole trustee of a Charity, the Clerk shall ensure that all appropriate legal and administrative requirements are met, and the RFO shall ensure that separate accounts are kept of the Charity's transactions, that they properly audited and that required returns are submitted. Subject to this, these Financial Regulations will apply to the activities of the Charity.