

Carthorpe Parish Council

Financial Standing orders.

These Financial Regulations were adopted by the Council at its Meeting held on 17 May 2016.

1. GENERAL

1.1. These financial regulations govern the conduct of financial management by the council and may only be amended or varied by resolution of the council. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.

1.2. The council is responsible in law 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.

1.3. 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; and
- identifying the duties of officers.

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

1.5. At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.

1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.

1.9. The RFO;

- acts under the policy direction of the council;
- administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
- determines on behalf of the council its accounting records and accounting control systems;
- ensures the accounting control systems are observed;
- maintains the accounting records of the council up to date in accordance with proper practices;
- assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the council.

1.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.

1.11. The accounting records determined by the RFO shall in particular contain:

- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account 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.

1.12. The accounting control systems determined by the RFO shall include:

- procedures to ensure that the financial transactions of the council are recorded as soon as 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 the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
- measures to ensure that risk is properly managed.

1.13. The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors, shall be a matter for the full council only.

1.14. In addition the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment in excess of £500 and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

1. Standing Orders

1. Responsible Finance Office (RFO)

The Responsible Finance Officer is a statutory office and appointed by the Council. The Clerk of the Council will take on this role of managing the Council's financial affairs in accordance with Proper Practices.

2. Estimates and Precept

The RFO will compile estimates of income and expenditure annually for the Council 's consideration. The Council will review the budget not later than the end of December in preparation for the precept being agreed, and submitted to the Collection Authority in January. During the year the budget will be reviewed against actual expenditure and income. Amendments to the budget will be discussed in Council and changes minuted.

3. Income and Expenditure

The RFO will supply regular updates of income and expenditure throughout the year and detail actual figures against estimate. This will be achieved through a quarterly bank reconciliation. Significant underspends or overspends will be brought to the attention of the Council and action taken to address any discrepancies. Underspent revenue will be identified and earmarked to reserves by a Council resolution.

4. Accounting and Audit

The RFO will determine all accounting procedures and financial records of the Council in accordance with the Accounts and Audit Regulations.

The RFO will complete the annual financial statements of the Council including the annual return as soon as practicable after the end of the financial year and will submit and report on them to the Council. The Council will review each year and ensure that there is an adequate, effective system of internal audit of the Council's accounting, financial and other procedures in line with Proper Practice.

An Internal Auditor will be appointed by the Council to carry out the work required to comply with the Proper Practice. The person appointed will be competent and independent of the operation of the Council.

The RFO will submit the Annual Return to the External Auditor by the due date, ensuring the return is complete.

5. Banking Arrangements and Cheques

The Council 's banking arrangements, including the Bank Mandate, will be made by the RFO and approved by the Council. They will be regularly reviewed for efficiency.

A resolution of the Council will nominate at least two members to be authorised by the Council to sign cheques.

a. All items of expenditure will be authorised by the Council and the payments approved. The RFO will examine invoices and verify and certify the expenditure.

b. Cheques will be completed for all transactions by the RFO and signed by two authorised Councillors. The cheque stub will be signed at the same time.

c. Any utility bill may be paid by Direct Debit provided that the instructions are signed by two authorised Councillors.

6. Loans and Investments

All loans and investments will be negotiated in the name of the Council and will be set for a period approved by the Council.

All borrowings will be in the name of the Council and will not be entered into until necessary approvals have been given. Any application will be approved by Council, especially the terms and purpose. These terms must be reviewed annually.

All investments of money under the control of the Council will be in the name of the Council and all certificates or other documents will be retained by the RFO.

7. Contracts and Purchase Orders

An official order or letter will be issued for all work or service paid for by the Council. All Councillors and officers are responsible for obtaining good value for money at all times. An officer placing an order on behalf of the Council will ensure that good value and appropriate terms are obtained for the transaction.

Orders for values £500 to £2000 require a minimum of two quotations; for values above £2000 three quotations are required. Contracts exceeding £10,000 require additional safeguards and will follow Proper Practice.

All estimates will be approved by the Council; while the Council is not obliged to accept the lowest quotation the reasons for accepting the quotation will be recorded.

8. Assets

The RFO will ensure that an appropriate and accurate Register of Assets is maintained by the Council. It will be reviewed at least annually, in conjunction with a health and safety inspection of assets if appropriate.

9. VAT

The RFO will promptly complete any VAT Return that is required. Any repayment claim due in accordance with the VAT Act 1974 section 33 will be made at least annually coinciding with the financial year.

10. Insurance

Following the annual risk assessment, the Council will review the level of insurance cover and ensure it is adequate and appropriate for the activities of the Council.

Minimum cover will include Public Liability, Employers Liability, Money and Fidelity Guarantee.

11. Risk Assessment

A risk assessment will be undertaken annually of all the activities of the Council and a report approved by the Council. This assessment will also cover the appropriateness of the internal audit arrangements. The Risk Assessment will be reviewed annually.

If the Council undertakes a new activity not covered by the existing risk assessment an assessment will be undertaken before the activity commences.

These standing orders were agreed at the Parish Council meeting on 17 May 2016.