

# NEWINGTON PARISH COUNCIL

## FINANCIAL REGULATIONS

**Note: These Financial Regulations are based on the recommendations by NALC  
(National Association of Local Councils, 2014)**

### GENERAL

- 1 (a) These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and the Council has a sound system of financial control which facilitates the effective exercise of the Council's functions, including the prevention and detection of fraud and corruption.
- (b) The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Treasurer has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO acting under the policy direction of the Council shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the Council its accounting records and accounting control systems. The RFO shall 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.
- (c) The RFO shall produce financial management information as required by the Council.
- (d) Once a year, prior to approving the Annual Return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

### BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 2 (a) Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- (b) The Council shall review the budget not later than the end of December each year and shall fix the precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- (c) The Council shall consider the need for and have regard to a three year forecast of revenue, capital receipts and payments which may be prepared at the same time as the annual budget.

### EXPENDITURE

- 3 (a) No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available or the requisite borrowing approval has been obtained.
- (b) Orders for the payment of money shall be authorised by resolution of the Council.
- (c) Two members of the council (The Chair or Treasurer and one other member) 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 £300. The RFO shall report the action to the council as soon as practicable thereafter, normally at its next meeting.
- (d) Orders for payment of money may be authorised by the Chair and one member of the Council (or in the absence of the Chair three members) where it is deemed necessary to carry out any repair, replacement or other work that it must be done at once whether or not there is any budgetary provision for the expenditure, subject to a limit of three hundred pounds, between any two meetings of the Council for any single project without reference to the Council as a whole. The RFO shall report the action to the Council as soon as practicable thereafter, normally at its next meeting.



## **ACCOUNTING and AUDITING**

- 4 (a) All accounting procedures and financial records of the Council, shall be determined by the RFO in accordance with that which is set by the Council's Financial Standing Orders.
- (b) The RFO shall 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 shall submit them and report thereon to the Council.
- (c) The RFO shall 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 shall submit the Annual Return for approval and authorisation by the Council within the time scales set by the Council's Financial Standing Orders.
- (d) The RFO shall ensure there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or the Internal Auditor requires, make available such documents of the Council which appear to the RFO or the Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or the Internal Auditor with such information and explanation as the RFO or the Internal Auditor considers necessary for that purpose.
- (e) The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall complete Section 4 of the Audit Commission Annual Return in respect of each financial year. In order to demonstrate objectivity and independently, the Internal Auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.
- (f) The RFO shall make arrangements for the opportunity for inspection of the accounts, books, invoices and for the display or publication of any notices and statements of accounts required by the Audit Commission Act 1998 and those set by the Council's Financial Standing Orders.
- (g) The RFO shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report from the Internal Auditor or the External Auditor, unless the correspondence is of a purely administrative matter.
- (h) At least every financial year end, a member other than the Chair (or cheque signatory) shall be appointed to verify bank statements (or similar documents) as evidence of verification.

## **BANKING**

- 5 (a) The Council's banking arrangements, including shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- (b) A schedule of the payments required, shall be prepared by the RFO who should request that the Clerk include it on the agenda for the next meeting. If the schedule is in order it shall be authorized by a resolution of the Council and be initialled by the Chair of the Meeting.
- (c) Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5(b) or in accordance with paragraph 6(d) shall be signed by two members of the Council and the signatories shall also initial the cheque counterfoil.

## **PAYMENTS**

- 6 (a) All payments shall be effected by cheque on the Council's bankers.
- (b) All invoices for payment shall, be examined, verified and certified by the RFO. The RFO shall satisfy himself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- (c) The RFO shall examine invoices in relation to accuracy and shall analyse them, to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted and report the status at the next available meeting of the Council.
- (d) The Council will not maintain any form of cash float. All cash received must be banked intact.
- (e) Any expenses incurred by persons on behalf of the council shall be reimbursed on a regular basis at least quarterly in accordance with the 'Members Allowances Scheme'
- (f) Whilst cheques and orders should normally be presented for signature at a council meeting, it is not practical for a small council which does not need to hold a meeting every month. Therefore payments can be authorised outside of meetings but a list of such payments shall be submitted to the next appropriate meeting by the RFO.



## **LOANS**

- 7 (a) All loans shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- (b) All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowing shall be reviewed annually.

## **INCOME**

- 8 (a) The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- (b) All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- (c) The origin of each receipt shall be entered on the paying-in-slip.
- (d) Personal cheques shall not be cashed out of money held on behalf of the Council.
- (e) The RFO shall complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 Section 33 shall be made at least annually.

## **ORDERS**

- 9 (a) All members and officers are responsible for obtaining value for money at all times. An officer shall ensure as far as reasonable and practicable that the best terms are obtained in respect of each transaction, usually, but not necessarily, by obtaining two or more quotations or estimates from appropriate suppliers.
- (b) The RFO shall 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 shall ensure that this is reported to the meeting at which the order is approved so that it can be recorded in the minutes of the meeting.
- (c) A member may not issue an official order or make any contract on behalf of the council.

## **INSURANCE**

- 10 (a) Following the Annual Risk Assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers, in consultation with the Council.
- (b) The Clerk shall give prompt notification to the RFO of all new risks which require to be insured and of any alterations affecting existing insurances.
- (c) The RFO shall keep a record of all insurances effected by the Council and annually review it.
- (d) The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these at the next meeting of the Council.
- (e) All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **CHARITIES**

- 11 (a) Where the Council is sole trustee of a charitable body the Clerk and the RFO shall ensure that separate accounts are kept of the funds held on charitable trust and separate financial reports made in such form as appropriate.

## **RISK MANAGEMENT**

- 12 (a) The Council is responsible for putting in place arrangements for the management of risk. The Clerk with the RFO shall prepare for approval by the Council, risk management policy statements in respect of all activities of the Council. These should be reviewed annually.
- (b) When considering any new activity, the Clerk with the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

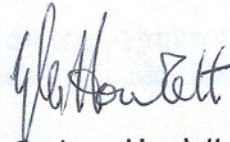
## **REVIEW OF FINANCIAL REGULATIONS**

- 13 The Financial Regulations of the Council shall be reviewed on an annual basis. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations.



# NEWINGTON PARISH COUNCIL FINANCIAL REGULATIONS

Adopted at a full meeting of the Council held on **THURSDAY JULY 16th, 2015**



Chair Cllr. Graham Howlett

Date 16/7/15