

# **Ogbourne St George Parish Council**

## **Finance Regulations**

**May 2012**

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### **1 General**

- 1.1.1 Parish Councils are responsible in law for ensuring that their financial management and controls are adequate and effective in supporting councils' function and duties in serving the community. These regulations govern the conduct of financial matters of Ogbourne St George Parish Council and were adopted on xx xx 20xx.
- 1.1.2 In these financial regulations the term 'proper practice' or 'proper practices' shall 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.
- 1.1.3 It is the responsibility of the Council and its Officers always to strive for the best value in all expenditure committed on behalf of the Parish of Ogbourne St George.
- 1.1.4 The Council may appoint a Financial Sub-committee of not less than three councillors to review any financial issues and advise the Council in the exercise of its responsibilities in this area. The terms of reference for this Sub-committee are included at Annex A

### **2 Responsible Financial Officer**

- 2.1.5 The Responsible Financial Officer (RFO) is a statutory public officer who shall be appointed by the Council to oversee the proper implementation of these regulations. The RFO operates under the policy direction of the Council at all times and shall administer the Council's financial affairs in accordance with these regulations and proper practice. The Parish Clerk is the RFO for Ogbourne St George.
- 2.1.6 The RFO shall maintain on its behalf the council's 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 and the appropriate technology.

- 2.1.7 At least once a year, prior to approving the Annual Return, the Council shall conduct a review with the RFO to assess the effectiveness of its financial systems and controls.
- 2.1.8 To preserve the independence of the office, the RFO shall not benefit or attempt to benefit from the position by way of gratuities, commissions or other payment, monetary or in kind.

## 2.2 Reporting

2.2.9 The RFO shall produce financial management information as required by the council. S/he shall routinely present to the council the follows:

- ❖ Retain all information required by the Information Committee.
- ❖ At each regular meeting of the Council an updated Financial statement of transactions performed.
- ❖ A projection of any unbudgeted items and cheques requiring signature.
- ❖ Internally audited statement of accounts at each AGM.
- ❖ Other financial reporting as required by the Council or in response to Freedom of Information request.

2.2.10 Items shall be listed on the agenda of the meeting where a decision is to be made. It is a legal requirement that any matter requiring Council approval must be placed before Council members in writing at least 3 clear days before a decision is sanctioned and this must include any financial reports or documents.

## 3 Budgetary Planning and Control

### 3.1 Budgetary Planning

3.1.11 The Financial Subcommittee in conjunction with the RFO shall prepare a projected financial plan for the year ahead which shall be presented to the Council in time for January meeting with a recommendation for the precept.

### 3.2 Accounting and Auditing

3.2.12 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.

3.2.13 The RFO shall complete the Council annual financial statements, including the Annual Return (as supplied by the Auditor appointed

from time to time by the Audit Commission), and shall submit them for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

- 3.2.14 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations and procedures in accordance with proper practices.
- 3.2.15 An Internal Auditor shall be appointed by the Council who will 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 and its officers, shall report to the Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year.
- 3.2.16 The Council shall have agreed terms with the Internal Auditor including details of any payments.
- 3.2.17 In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or controls of the Council.
- 3.2.18 The Audit Commission appoints an external auditor for the purpose monitoring accounts and may perform a detailed audit at any time. The Council may request the Audit Commission to perform an external audit if it has any concerns relating to the financial operation of the Council.
- 3.2.19 The RFO shall make arrangements for the opportunity 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.
- 3.2.20 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.

### 3.3 **Banking Arrangements**

- 3.3.21 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be reviewed annually for efficiency.
- 3.3.22 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 2.2.9 shall be signed by two Councillors and countersigned by the RFO.
- 3.3.23 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque

counterfoil. Where this is not possible the counterfoil shall be annotated accordingly.

### 3.4 **Loans and Investment**

- 3.4.24 Council monies and reserves will be invested in Bank and Building Society accounts in the name of the Council.
- 3.4.25 The RFO shall ensure that gross interest is paid on all accounts and make recommendations as necessary to the Council. The Council shall review accounts on a continual basis to ensure interest is optimised.
- 3.4.26 All documents relating to all Council accounts shall be retained in the custody of the RFO.
- 3.4.27 The Financial Sub-Committee shall convene to consider proper practice should the Council consider financial matters not explicitly addressed by these regulations.

## **4 Payments**

- 4.1.28 Payments made by the Council shall be approved at the regular Council meetings. All invoices for payment shall be examined for accuracy, verified and certified by the RFO. Before certifying an invoice the RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 4.1.29 When timing does not permit payments to be approved at a regular meeting of the full Council, extraordinary or emergency payments up to a limit of £500 may be agreed without a meeting of the Council if agreed in writing (including email) by at least majority of Councillors. Where payment exceeds the £500 limit then a supplementary meeting of the Council shall be called.
- 4.1.30 The RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 4.1.31 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 certifies that there is no dispute or other reason to delay payment, s/he may take all steps necessary to settle such invoices under the provision for emergency payments, provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 4.1.32 The RFO may maintain a petty cash float of no more than £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.

## 4.2 Payment of Salaries

- 4.2.33 The salary paid to the Clerk will be as determined by the Contract of Employment agreed between the Council and the Clerk.
- 4.2.34 Each payment shall be approved by the Council and recorded in the Minutes.
- 4.2.35 The Council shall register as an employer under HMRC revenue and, in accordance with HMRC guidance, payment for employees shall be made through PAYE.

## 4.3 Payment of Expenses

- 4.3.36 The Council shall reimburse reasonable expenses of Councillors and Officers as follows:
- (a) That the expense was incurred on the legitimate business of the Council.
  - (b) That expenses are supported by receipts or other vouchers confirming the expense.
  - (c) That mileage is claimed at the rate currently approved by HMRC revenue for payment without tax.
- 4.3.37 Payment of expenses shall be approved by at least two independent Councillors.

## 5 Income

- 5.1.38 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 5.1.39 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 within seven days of receipt. The origin of each receipt shall be entered on the paying-in slip.
- 5.1.40 Income received must not be paid into the petty cash float but must be separately banked.
- 5.1.41 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 5.1.42 The RFO shall promptly 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 coinciding with the financial year end.

## 5.2 Setting of Precept

- 5.2.43 Based on the financial plan (and recommendation of the financial subcommittee where appropriate) the Council shall set the precept for the following year no later than the 15<sup>th</sup> of January.

- 5.2.44 The RFO shall issue the precept to the billing authority and supply all members of the council with copy the approved budget and precept.

### 5.3 **Grant Applications and Management**

- 5.3.45 The RFO shall support and advise the Council in the completion of forms required in pursuit of any grant applications.
- 5.3.46 Grants received by the Council shall be managed within the Council financial arrangements as defined herein. Where a grant carries specific stipulations about its discharge the RFO shall be responsible for ensuring compliance to those stipulations.
- 5.3.47 Where such stipulations require establishment of a separate management committee then the council will establish that committee through normal Council proceedings.

## 6 **Orders for Works Goods and Services**

### 6.1 **Contracts**

- 6.1.48 The RFO has sole responsibility for entering into any contract on behalf of the Council following approval of its terms by the Council. Every contract shall comply with these financial regulations, and no exceptions shall be made.
- 6.1.49 The Clerk shall invite tenders from at least three appropriate suppliers for contracts exceeding £1000 annually.

## 7 **Charities**

- 7.1.50 The Council does not have any affiliation with any charity and is not permitted to contribute directly to charities. However, the council may support charitable activities through activities in kind when endorsed by vote of the Council.

## 8 **Risk Management**

### 8.1 **Assets Properties and Estates**

- 8.1.51 The Council shall make appropriate arrangements for the appropriate safe keeping and maintenance of all assets owned by the Council.
- 8.1.52 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

## 8.2 Insurance

- 8.2.53 The Council shall maintain a register of risks that are within the Council's responsibility. The Council is responsible for the proper management of risk and this shall be reviewed at least on an annual basis.
- 8.2.54 The Council shall maintain and regularly review all insurance policies effected by the Council to cover these risks and this shall be reviewed on an annual basis.
- 8.2.55 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim or impact the status of insurance, and shall report these to Council at the next available meeting.

## 9 Revision of Financial Regulations

- 9.1.56 It shall be the duty of the Council to review at least annually, the Financial Regulations of the Council which may only be changed by resolution of the Council.
- 9.1.57 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.
- 9.1.58 The value inserted in any of the paragraphs may be varied by the Council and should be reviewed regularly and confirmed annually by the Council.

## Annex A

### Terms of Reference for the Financial Sub-committee

As directed by the Council the Financial Sub-committee shall be established:

- To assess annual budget in conjunction with the RFO and recommend precept.
- To assess the effectiveness of the financial regulations with the RFO.
- To review the Financial Regulations as appropriate to the needs of Ogbourne St George Council.
- To assess financial issues under the Councils responsibility, taking appropriate independent advice as necessary, in order to make recommendations to the Council.

## Annex B

### Procedures in support of Financial Regulations

- 1.1. All payments by the Council shall be itemised on the Agenda in accordance with guidance so that they can be considered, authorised, approved and paid in accordance with the Council's financial regulation unless they have been authorised at a previous meeting.
- 1.2. Accounting records shall be kept on computer and hard copies of the statement showing transactions so far in the financial year be distributed to each Councillor with the agenda for the regular bi-monthly meetings.
- 1.3. Councillors will use this record of transactions to ensure adequate internal control is present.
- 1.4. Councillors shall assess the financial risks faced by the Council based on the financial material presented.
- 1.5. Councillors will rely on the annual internal auditor's report as provided to the external auditor within the Annual Return and be at liberty to ask the internal auditor, or an independent auditor, to review any aspect of the Council's finances or financial procedures that fall within the remit of the internal audit at any time on normal motion.
- 1.6. All Orders for the payment of money shall be authorised by resolution, recorded in the minutes and signed by the Chair, Vice-Chair and Responsible Financial Officer.