

**ALDERLEY EDGE
PARISH COUNCIL**

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FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

CHANGE HISTORY

Date	Event	Changes	Updated
30/11/1998	Original Adoption	Agreed to adopt with suitable amendments	Paper Copy Altered by Hand
18/02/2002 Adopted at Full Parish Council meeting - agenda item 7	Full Review	1.1 Now refers to Council not Finance Committee 3.4 Limit changed to £100 4.3 Independent check of cash transactions introduced 11.1 Limit increased to £2500 in ii) and vii)	February 2002
14/1/2013 Parish Council meeting -	Full Review	Amendments to simplify and update the regulations with sensible limits on expenditure	To be adopted from May 2013 onwards

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ALDERLEY EDGE PARISH COUNCIL

FINANCIAL REGULATIONS (Updated/Re-adopted May 2013)

1. General

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the council and may only be amended or varied by resolution of the council.
- 1.2 The Responsible Financial Officer (RFO), under the policy direction of the Finance Committee, shall be responsible for the proper administration of the council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 The RFO shall normally be the Parish Clerk unless the council (by resolution) designates a different individual.

2. Annual Estimates

- 2.1 Each year the RFO shall prepare detailed cost and revenue forecasts in respect of council services and projects for inclusion in the annual budget (beginning in April and ending in March) and by no later than the end of December.
- 2.2 The Finance Committee shall review the forecasts and submit them to the council by no later than the end of January in each year and shall then recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member of the council with a copy of the forecasts.
- 2.3 Once the council has approved the annual budgets they shall then form the basis of financial control for the ensuing year.

3. Budgetary Control

- 3.1 Expenditure may be incurred up to the amounts approved within the relevant budgeted category.
- 3.2 The annual budget has 4 separate budget categories: (i) Personnel costs (ii) Festival Hall operational costs (iii) Festival Hall non-operational costs (iv) All other costs. No expenditure may be incurred which cannot be met from the amount provided in the appropriate budget category unless approval has been obtained by the Parish Council. This approval should normally be obtained prior to any commitment to the expenditure. It is permitted to transfer budgeted expenditure between budget categories so long as approval has been obtained from the Parish Council and the total annual budgeted expenditure is not exceeded. If there is a need to exceed the total annual budgeted expenditure then approval is required from the Parish Council as it is likely to impact on the cash reserves.
- 3.3 The RFO shall on a quarterly basis provide the Finance Committee with a statement of income and expenditure by category incurred in the year to date. The Finance Committee should review the revenue and costs incurred compared with the annual budget in each category and assess whether there will be a major variance to the overall expected outcome for the year.
- 3.4 The RFO 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 £5,000.00. The RFO shall then report the action as soon as practicable thereafter and obtain approval from the council to the emergency expenditure.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within the category budget, it shall be subject to the provisions of a supplementary estimate approved by the Parish Council.
- 3.6 Proposed capital projects and/or contracts entered into or tenders accepted involving significant "one off" non-budgeted expenditure must be presented in a written plan and seek approval from the Parish Council prior to any commitment. The Parish Council must be satisfied that there are the necessary funds or requisite borrowing available to meet the financial obligations of the contract.

3.7 All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.

4. Accounting and Audit

4.1 All accounting procedures and financial records of the council shall be determined by the RFO as required by the Accounts and Audit Regulations.

4.2 The RFO shall be responsible for completing the annual accounts of the council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Council.

4.3 The following principles shall be observed in connection with accounting duties:

- a) The duty of providing information, calculating, checking and recording sums due to, or from, the council, should be separated as completely as possible from the duty of collecting or dispersing them.
- b) The Deputy Chairman of the council will perform an independent check of all cash transactions each January and July.

4.4 The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the council's accounting, financial and other operations in accordance with regulation 5 of the Accounts and Audit Regulations 1996. Any officer or member of the council shall, if the RFO requires, make available such documents of the council which relate to their accounting, and other records as appear to the RFO to be necessary for the purpose of the audit, and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

5. Banking Arrangements and Cheques

5.1 The council's banking arrangements, including the bank mandate, shall be made by the Chairman of the Parish Council and approved by the Council. They shall be regularly reviewed for safety and efficiency.

5.2 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices, etc. presented to the Finance Committee. If the schedule is in order it shall be authorised by a resolution of that committee and signed by the chairman or vice chairman.

5.3 Cheques drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed by two of the duly authorised members of the council.

6. Payment of Accounts

6.1 Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the council's bankers.

6.2 All invoices for payment shall be examined, verified and certified by clerk. Before certifying an invoice the clerk shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. S/he shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.

6.4 When the RFO is satisfied that the invoices are in order s/he shall certify them for payment.

6.5 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.

6.6 The RFO may provide petty cash to members for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:

- a) The RFO shall maintain a petty cash float to a limit of £250.00 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate payment.

- b) Income received, with the exception of small cash items of £10.00 or less in value, must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- c) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Finance Committee (under 5.2 above).

7. Payment of Salaries and Wages

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
- 7.2 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 Finance Committee meeting.
- 7.3 All time sheets shall be certified as to accuracy by the Chairman or the relevant member of the Parish Council with the delegated authority.

8. Loans and Investments

- 8.1 All investments of money under the control of the council shall be in the name of the council.
- 8.2 All borrowings shall be affected in the name of the council.
- 8.3 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9. Income

- 9.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council.
- 9.3 The Finance Committee will review all fees and charges annually, following a report of the clerk.
- 9.4 Any bad debts shall be reported to the Finance Committee by the RFO.
- 9.5 All sums received on behalf of the council shall be paid to the RFO for banking. In all cases all receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the council.

10. Orders for Work, Goods and Services

- 10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate e.g. petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 Order books shall be controlled by the RFO.

10.3 All officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as possible and practicable that the best available terms are obtained in respect of each transaction.

11. Contracts

11.1 Procedures as to the contracts are laid down in the council's standing orders as follows:

- i) Every contract whether made by the council or by a committee to which the power of making contracts has been delegated shall comply with these standing orders, and no exception from any of the following provisions of these standing orders shall be made otherwise than by direction of the council or in an emergency by such committee as aforesaid provided that these standing orders shall not apply to contracts which relate to items 1 to 5 below:
 - (1) For the supply of gas, electricity, water, sewerage and telephone services
 - (2) For specialist services such as are provided by solicitors, accountants, surveyors and planning consultants
 - (3) For work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant
 - (4) For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council
 - (5) For goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
- ii) Where it is intended to enter into a contract:
 - (1) Exceeding £5,000.00 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are expected as set out in paragraph i) the clerk shall invite tenders from at least three firms.
 - (2) For expenditures of £5,000.00 or less in value the Chairman of the Finance committee or his appointed vice chairman together with the clerk or the duly authorised deputy shall have executive power.
- iii) When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the council.
- iv) Every exception made by a committee to which the power of making contracts has been delegated shall be reported to the council and the report shall specify the emergency by which the exception shall have been justified.
- v) Such invitation to tender shall state the general nature of the intended contract and the clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the clerk and the last date by which such tenders should reach the clerk in the ordinary course of the post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- vi) All sealed tenders shall be opened at the same time on the prescribed date by the clerk or the properly authorised deputy in the presence of at least one member of the council.
- vii) If less than three tenders are received for contracts valued above £5,000.00 or if all tenders are identical the council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- viii) The council shall not be obliged to accept the lowest or any tender.

12. Payments Under Contracts for Building or other Construction Works

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the clerk in writing, the appropriate committee being informed where the final cost is likely to exceed the financial provision.

13. Stores and Equipment

- 13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2 Delivery notes must be obtained in respect of all goods received in to store and goods must be checked as regard quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for an annual check of all stocks and stores.

14. Assets, Properties and Estates

- 14.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the council. The RFO shall ensure a record is maintained of all properties owned by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with regulation 4(3)(b) of the Accounts and Audit Regulations 1996.
- 14.2 No property shall 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 does not exceed £500.00.
- 14.3 The RFO shall 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 shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

15. Insurance

- 15.1 The RFO shall procure all insurances and negotiate all claims on the council's insurers.
- 15.2 The RFO shall give prompt notification to the Finance committee of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances held by the council and the property and risks covered thereby and annually review it.
- 15.4 The RFO shall notify the Parish Council of any loss liability or damage or of any event likely to lead to a claim.
- 15.5 All appropriate employees of the council shall be included in a suitable fidelity guarantee insurance.

16. Risk Management

- 16.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 16.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

17. Revision of Financial Regulations

17.1 It shall be the duty of the Finance Committee to review the financial regulations of the council from time to time and to make such recommendations to the council as the committee considers are required.

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