

BINEGAR PARISH COUNCIL

Financial Regulations

1 Overview

- 1.1 These regulations govern how the Council conducts its financial affairs.
- 1.2 Only the full Council can make changes to these regulations.
- 1.3 Our Parish Clerk is *Responsible Financial Officer* (RFO) and advises us on all financial matters.
- 1.4 We ask the RFO to ensure we keep to accounting regulations and *proper practices**.
- 1.5 Each year, as part of our internal control system, we check these regulations are up-to-date.

2 Budgeting

- 2.1 In October, we review current year progress and agree our objectives for the next year and beyond.
- 2.2 In November, we consider draft income and spending plans for the next two years.
- 2.3 In December, we agree a budget for the next year and set a precept.

3 Budgetary control

- 3.1 The RFO reports income and spending against budget to each Council meeting.
- 3.2 We allow spending on revenue items up to the amount approved in a budget.
- 3.3 If spending would exceed a budget, the Council may authorise virement from another budget head.
- 3.4 The Clerk may authorise up to £1,000 urgent expenditure to be ratified at the next meeting.

4 Accounting and audit

- 4.1 The RFO designs financial procedures and records according to regulations and *proper practices**.
- 4.2 The RFO completes the *Annual Return* and, at the required time, submits it for the Council to approve.
- 4.3 The Clerk publishes accounting statements, enabling public access to documents as required by law.
- 4.4 We appoint a competent and independent internal auditor to report on our internal controls.
- 4.5 We consider all audit reports and implement recommendations or give reasons for not doing so.

5 Safeguarding money

- 5.1 We will ensure that the Council has a *Responsible Financial Officer* appointed at all times.
- 5.2 The RFO sets up and changes banking arrangements but only following full Council approval.
- 5.3 Only the full Council can approve changes to bank mandates and lists of authorised signatures.
- 5.4 We do not allow corporate credit or debit cards.
- 5.5 We expect the RFO to bank money received regularly and present a list to each Council meeting.
- 5.6 We expect the RFO to check invoices and present a list of payments to each Council meeting.
- 5.7 We pay by cheque signed by two members or by standing order authorised by the full Council.
- 5.8 The RFO and Chair may arrange an exceptional payment but must explain it to the next meeting.
- 5.9 We verify bank reconciliations as part of our annual risk assessment of internal controls.
- 5.10 We meet our statutory obligations to pay income tax and National Insurance.
- 5.11 We require the full Council's prior consent to change an employee's pay or employment terms.

Financial Standing Orders

6 Loans and investments

- 7.1 We only take out long-term loans only with appropriate borrowing approval.
- 7.2 The RFO, with the Council's consent, may negotiate overdraft terms to cover short-term cash flow.
- 7.3 We invest year-end surplus revenue balances in our bank deposit account.

7 Income

- 8.1 We review rents and fees regularly to maximise potential income.
- 8.2 We expect the RFO to issue timely invoices, reporting any irrecoverable amounts for writing off.
- 8.3 We ask the RFO to reclaim refundable VAT annually in accordance with HMRC rules.

8 Orders for goods and services

- 9.1 We seek to achieve good value by obtaining, where possible, prices from three sources.
- 9.2 We seek formal, written quotes where we estimate cost to be over £1,000.
- 9.3 We review ongoing contracts, e.g., insurance, as they come up for renewal or every three years.
- 9.4 We expect councillors to help achieve good value by reporting relevant issues to the Clerk.
- 9.5 The RFO places orders after checking there are funds and that the spending is in our power to incur.

9 Contracts

- 10.1 We invite tenders for capital works and contracts we estimate will cost over £1,000.
- 10.2 Our tender invitations set out the nature of the contract and specify the works required.
- 10.3 We ask the RFO to keep tenders secret and undisclosed until the time and date of their opening.
- 10.4 The RFO may only open tenders in the presence of two councillors.
- 10.5 If we receive fewer than three tenders or they are identical, we award the contract as we think fit.
- 10.6 We make payments in accordance with terms set out in the tender invitation.
- 10.7 We can resolve to waive these contract rules but must record our reasons in the meeting minutes.
- 10.8 We advertise contracts for over £25,000 on the government's *Contract Finder*.

10 Assets

- 11.1 We ask the RFO to maintain an Asset Register adding new items at original cost.
- 11.2 In March, we review and approve an Asset Register for the forthcoming financial year.

11 Risk management

- 12.1 We conduct a financial risk assessment of internal controls each year.
- 12.2 We have an assessment of health and safety risks and review it regularly.
- 12.3 We operate appropriate arrangements to manage safety of the children's playground.
- 12.4 We ask the RFO to arrange insurance to cover risks and statutory requirements.

Adopted September 2017

Financial Standing Orders

* *Accounts and Audit Regulations and Governance and Accountability for Local Councils – a Practitioner’s Guide.*