

## NEW BUCKENHAM PARISH COUNCIL

### FINANCIAL STANDING ORDERS

*For the purpose of these Standing Orders 'Chairman' means Chairman of the Council and 'Proper Practices' refers to the most recent version of 'Governance and Accountability for Local Councils – a Practitioners' Guide, March 2014'.*

#### *These Financial Standing Orders form part of the Standing Orders of New Buckenham Parish Council*

#### 1. General

- 1.1 These Financial Standing Orders shall govern the conduct of the financial transactions of New Buckenham Parish Council and may only be amended or varied by resolution of the Council.
- 1.2 The Responsible Financial Officer shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The Council shall appoint appropriate staff members(s) to undertake the work of the Responsible Financial Officer when the Responsible Financial Officer is absent.
- 1.4 The Responsible Financial Officer shall be responsible for the production of financial management information.

#### 2. Budgeting

- 2.1 The forecast of income and expenditure for the following financial year will be prepared each year by the Responsible Financial Officer and presented to the Council at least 7 days before the November Parish Council Meeting, so as to help inform the decision of the setting of the budget and the precept request.
- 2.2 The Council shall review the forecast and agree a proposed budget and precept request to Breckland District Council by the January Parish Council Meeting at the latest.
- 2.3 The annual budget, once set, shall form the basis of financial control for the ensuing financial year.

#### 3. Budgetary Control

- 3.1 The Responsible Financial Officer shall supply to each Councillor, as soon as practicable after 30<sup>th</sup> September and 31<sup>st</sup> December in each year a statement to summarise:
  - (i.) The Council's receipts and expenses for each quarter being reported;
  - (ii.) The Council's aggregate receipts and payments for the year to date;
  - (iii.) The balances being held at the end of the quarter being reported.

and which includes a comparison with the budget for the financial year and highlights any actual or potential overspends.
- 3.2 The Clerk will report to the Council if any budget headings are likely to overspend, so that the appropriate decisions can be taken.
- 3.3 The Clerk may incur expenditure to the value of £300 per item without prior permission of the Council where this relates to routine works around the Parish of New Buckenham or for the purchase of goods or services relating to the administrative functions of his/her role so long as there is provision for the expenditure in the budget, and in emergencies involving the health and safety of residents and visitors to property/land owned by the Council.
- 3.4 The Clerk may incur expenditure for additional **contracted** maintenance in line with Council policy without consultation.

- 3.5 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Council is satisfied and has resolved that it is contained in a rolling capital programme and that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.6 All capital works shall be administered in accordance with the Council's Financial Standing Orders relating to contracts, see Standing Orders 12, 13 and 14 below.

#### **4. Financial Controls**

- 4.1 The Council shall consider and approve Financial Controls drawn up by the Responsible Financial Officer, which shall include detailed arrangements in respect of the following:
- (i.) The keeping of accounting records and systems of internal controls;
  - (ii.) The assessment and management of financial risks faced by the Council;
  - (iii.) The work of the independent internal auditor in accordance with proper practices and the receipt of regular reports from the internal auditor, which shall be required at least annually.

#### **5. Accounting and Audit**

- 5.1 All accounting procedures and financial records of the Council shall be determined by the Responsible Financial Officer as required by the Accounts and Audit Regulations 1996 and any subsequent legal requirements including the most recent version of '*Governance and Accountability of for Local Councils – a Practitioners' Guide, March 2014*'.
- 5.2 The year-end accounting statements shall be prepared by the Responsible Financial Officer in accordance with proper practices and applying the form of accounts determined by the Council (receipts and payments, or income and expenditure) for a year to 31<sup>st</sup> March.
- 5.3 The Responsible Financial Officer shall be responsible for completing the annual accounting statements and the Annual Return of the Council as soon as practicable after the end of the financial year (31<sup>st</sup> March), but not later than the June Parish Council Meeting and shall present these to the Council for agreement by 30<sup>th</sup> June annually.
- 5.4 The Responsible Financial Officer shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations as determined by the Council.
- 5.5 The Responsible Financial Officer will arrange for a local audit of the Council's transactions after the end each financial year.
- 5.6 The Responsible Financial Officer will be responsible for the inspection and copying by Councillors and Local Electors of the Council's accounts and /or orders of payments.

#### **6. Banking Arrangements and Cheques**

- 6.1 The Council's banking arrangements shall be approved by the Council.
- 6.2 A schedule of the payments and receipt of monies and end of month bank balances shall be prepared by the Responsible Financial Officer and together with the relevant invoices, presented at each monthly Council Meeting.
- 6.3 The Council's bank accounts will be reconciled every three months and any discrepancies reported to the Council.
- 6.4 Cheques drawn on the Council's bank accounts in accordance with the schedule mentioned in paragraph 6.2 shall be signed by two members of the Council in accordance with the bank mandate.
- 6.5 The cheque stubs will be initialled by the signatories to the cheques.

- 6.6 Bank mandates for setting up standing orders or direct debits will be signed by two Councillors who are registered signatories and only following resolution of the Council to set up such mandates.

## **7. Payment of Accounts**

- 7.1 All payments made by the Council shall be authorised, approved and paid in accordance with the law, proper practices and these Financial Standing Orders.
- 7.2 All payments shall be effected by cheque drawn on one of the Council's bank accounts.
- 7.3 Before being paid, all invoices will be examined and verified by the Responsible Financial Officer who must be satisfied that the work, goods or services to which the invoices relate, have been received, carried out, examined and approved; this verification will include a check for arithmetical accuracy of the invoice.
- 7.4 All verified invoices should be paid within 30 days of receipt unless this is not practicable due to a monthly Parish Council Meeting not taking place or an error in the invoice.
- 7.5 Arrangement of the payment of invoices by standing order or direct debit will only be permitted by resolution of the Full Council.

## **8. Payment of Salaries and Wages**

- 8.1 The payment of all salaries and wages shall be made by the Responsible Financial Officer in accordance with the HMRC 'real time' software payroll records.
- 8.2 The payment of the Clerk's monthly basic pay and Office Allowance will be made by standing order on the 8<sup>th</sup> of each month. Any additional payments due will be made by cheque at the next monthly Council Meeting.

## **9. Loans and Investments**

- 9.1 All loans and investments shall be administered by the Responsible Financial Officer in the name of the Council, and shall be for a set period of time, in accordance with Council's Investment Policy. Changes to loans and investments should be agreed by the Council.
- 9.2 All investments of money under the control of the Council shall be in the name of the Council.
- 9.3 All borrowings shall be in the name of the Council.
- 9.4 All investment certificates and other documents relating thereto shall be retained in the custody of the Responsible Financial Officer.

## **10. Income**

- 10.1 The collection of all sums due to the Council shall be the responsibility of the Responsible Financial Officer.
- 10.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the Responsible Financial Officer and the Responsible Financial Officer shall be ultimately responsible for the reconciliation of all accounts due to the Council.
- 10.3 The Council will review all fees and charges annually, following a report from the Clerk.
- 10.4 Any bad debts, with an age of more than 2 months, shall be reported to the Council.
- 10.5 All cash and cheques received on behalf of the Council shall be deposited with the Council's bankers with such frequency as the Responsible Financial Officer considers necessary but no more than 14 days after receipt.

- 10.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered onto the paying-in slip.
- 10.7 Every payment of official money to Councillors shall be signed for by the receiving Councillor and a record kept.
- 10.8 Cash payments made to the Clerk or any Councillor will be recorded in the receipts book.

## **11. Order for Work Goods and Services**

- 11.1 The Clerk is responsible for obtaining value for money at all times and must ensure that the best available terms are obtained in respect of each transaction.

## **12. Contracts and Quotations**

- 12.1 Procedures for contracts are as follows:

- a) Every contract 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 provided that these regulations shall not apply to contracts which relate to items (i) and (v) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
  - (ii) for specialist services such as are provided by solicitors and accountants;
  - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery, equipment or plant;
  - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - (v) for goods or materials proposed to be purchased which or proprietary articles and/or which are sold only at a fixed price.
- b) Where it is intended to enter into a contract 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 excepted in paragraph (a), the Clerk shall invite quotations as follows:
- (i) value of £1,000 - £1,999: from at least two firms;
  - (ii) value over £2,000: from at least three firms.
- c) When applications are made to waive Standing Orders to enable a tender to be negotiated without competition, the reason shall be embodied in a recommendation to the Council.
- d) If fewer than three quotations are received for contracts valued above £2,000 or if all the quotations are similar, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- e) The Council shall not be obliged to accept the lowest or any quotation.

## **13. Contracts – Tenders**

- 13.1 Where it is intended to enter into a contract exceeding £10,000 but less than £20,000, in value for the supply of goods, materials, services and the execution of works, the Clerk shall give at least three weeks public notice of such intention in the same manner as public notices of Meetings of the Council are given.
- 13.2 An invitation to tender shall be required for any contract for amounts exceeding £20,000 (*See Standing Order 13.3 below for contracts in excess of £138,893.*):

- a) 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 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.
  - b) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk and in the presence of at least one member of the Council.
  - c) If fewer than three tenders are received for contracts valued above £20,000 or if all the tenders are similar, the Council may make such arrangements as it thinks fit for procuring goods or materials or executing the works.
  - d) The Council shall not be obliged to accept the lowest or any tender.
- 13.3 Where the value of a contract is likely to exceed £138,893, (or other threshold specified by the Office of Government Commerce from time to time), the Council must consider whether the Public Contracts Regulations 2006 (SI No 5, as amended) and the Utilities Contracts Regulations 2006 (SI No 6, as amended) apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules.

#### **14. Payments under Contract for Building or Other Construction Works**

- 14.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Responsible Financial Officer upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 14.2 Where the contracts provide for payment by instalments, the Responsible Financial Officer 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 by 5% or more, a report shall be made to the Council.
- 14.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the Council being informed where the final cost is likely to exceed the financial provision.

#### **15. Goods Received**

- 15.1 Delivery notes must be obtained for all goods received and the goods must be checked as regards quality at the time of delivery.

#### **16. Properties and Estates**

- 16.1 The Clerk shall make the appropriate arrangements for the custody of all title deeds or property owned by the Council. The Responsible Financial Officer shall ensure that an asset register is maintained of all properties owned by the Council, recording the location, extent, purchase details, nature of interest, tenancies granted, rents payable and purpose which held in accordance with regulation 4(3)(b) of the Accounts and Audit Regulations 1996.
- 16.2 No property shall be purchased, sold or leased or otherwise disposed of, without the passing of a resolution by the Council.

#### **17. Insurance**

- 17.1 The Clerk shall affect all insurances and negotiate all claims on the Council's insurers.
- 17.2 The Clerk shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

- 17.3 The Clerk shall keep a record of all insurances affected by the Council and the property and risks covered thereby and review them regularly.
- 17.4 The Clerk shall be notified of any loss, liability or damage or any event likely to lead to a claim.
- 17.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

**18. Community Infrastructure Levy (“CIL”)**

- 18.1 Receipts of CIL from the Principal Authority (Breckland District Council) must only be used to support the development of the local area by funding:
  - a) The provision, improvement, replacement, operation, or maintenance of infrastructure; or
  - b) Anything else that is concerned with addressing the demands that development places on an area.
- 18.2 To ensure transparency:
  - a) The Clerk must at the direction of the Council publish each year the Council's total CIL receipts; total expenditure; a summary of what the CIL was spent on; and the total amount of receipts retained at the end of the reported year from that year and previous years.
  - b) The report referred to in a) above should be uploaded to the Council's website and a copy of the report sent to the Principal Authority.
  - c) All CIL receipts must be recorded by the Clerk in a separate nominal account within the Council's accounting records/software.

**19. Revision of Financial Standing Orders**

- 19.1 It shall be the duty of the Council to review the Financial Standing Orders of the Council from time to time to ensure the regulations remain relevant to the operation of the Council and conform to current accounting legislation.