

LITTLE BROMLEY FINANCIAL STANDING ORDERS

- 1.1. These financial regulations govern the conduct of financial management by the council and may only be amended or varied by resolution of the council. Financial regulations are one of the council's governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders¹ and any individual financial regulations relating to contracts.
- 1.2. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3. The council's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.5. Once a year, the council will review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Members of Council are expected to follow the instructions within these Regulations. Failure to follow instructions within these Regulations may bring the office of Councillor into disrepute.
- 1.7. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- 1.8. The RFO;
 - acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;

- maintains the accounting records of the council up to date in accordance with proper practices;
 - assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the council.
- 1.9. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations².
- 1.10. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the council; and
 - wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.11. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
 - measures to ensure that risk is properly managed.

² In England - Accounts and Audit (England) Regulations 2011/817
In Wales - Accounts and Audit (Wales) Regulations 2005/368

1.12. The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (Council Tax Requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors,

shall be a matter for the full council only.

1.13. In addition the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment

1.14. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC) or *Governance and Accountability for Local Councils in Wales - A Practitioners' Guide*, available from the websites of One Voice Wales (OVW) and SLCC as appropriate.

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

2.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.

2.2. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the

financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

- 2.3. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.4. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 2.5. The internal auditor shall:
 - be competent and independent of the financial operations of the council;
 - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 2.6. Internal or external auditors may not under any circumstances:
 - perform any operational duties for the council;
 - initiate or approve accounting transactions; or
- 2.7. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.8. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.9. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1. The Council shall review any revenue or capital forecast that may be in place on an annual basis.
- 3.2. The RFO must each year, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council.
- 3.3. The council shall consider annual budget proposals including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.4. The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.5. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. Expenditure on revenue or capital items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
 - the council for all items;
 - the Clerk, in conjunction with Chairman of Council, for any items below £100. Where the Chairman and/or Clerk may benefit from such expenditure, another Councillor must authorise the expenditure. Such expenditure must be reported at the next full council meeting.

Such authority is to be evidenced by a Minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public

services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 4.5. The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.
- 4.6. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall notify the council of all payments requiring authorisation, ensure these are on the Agenda for the Meeting and, together with the relevant invoices, present to council. The council shall review the invoices for compliance and, having satisfied itself shall authorise payment by a resolution of the council. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council Meeting.
- 5.5. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision

to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

- 5.6. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by full council.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1. The council will make safe and efficient arrangements for the making of its payments.
- 6.2. All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.3. Cheques or orders for payment drawn on the bank account shall be signed by two members of council, in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest that Councillor shall not act as a signatory in the matter in respect of which payment is being made. Where the Councillor has any other interest in the matter, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
- 6.4. 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.
- 6.5. Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting, save for any expenditure pursuant to item 4.1 above.
- 6.6. If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least every two years.
- 6.7. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question.
- 6.8. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk [or RFO] (for

example for postage or minor stationery items) shall be refunded on a regular basis.

7. INCOME

- 7.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.

8. ORDERS FOR WORK, GOODS AND SERVICES

- 8.1. 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. Copies of orders shall be retained.
- 8.2. Order books shall be controlled by the RFO.
- 8.3. All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11 (l) below.
- 8.4. A member may not issue an official order or make any contract on behalf of the council. This must be done by full council.
- 8.5. 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 the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

9. CONTRACTS

- 9.1. Procedures as to contracts are laid down as follows:
 - a. Every contract shall comply with these financial regulations and all contracts require approval by full council.

10. INSURANCE

- 10.1. Following the annual risk assessment full council shall consider any appropriate insurance(s).]
- 10.2. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 10.3. 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 to council at the next available meeting.
- 10.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined [annually] by the council, or duly delegated committee.

11. RISK MANAGEMENT

- 11.1. 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.
- 11.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

12. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 12.1. It shall be the duty of the council to review the Financial Regulations of the council from time to time. 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.
- 12.2. The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the

risks arising has been drawn up and presented in advance to all members of council.

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