

# FRESHFORD PARISH COUNCIL

## Draft FINANCIAL STANDING ORDERS

### Introduction

These Standing Orders govern the conduct of financial management by Freshford Parish Council ('the Council') and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring its financial management is adequate and effective and that the Council has a sound system of financial control, which facilitates the effective exercise of the Councils' functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These Orders describe how the Council seeks to meet these responsibilities.

The Clerk to the Council is the Responsible Financial Officer (RFO) and is appointed as such by the Council. The appointment of the RFO does not mean that Council members then have no responsibility for the financial health of the Council – they remain accountable for ensuring the financial viability of the Council. The RFO, acting under the policy direction of the council, shall administer the council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its 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.

Wherever possible, payments will now be made using online banking facilities. These Standing Orders incorporate the principles and procedures of operation of the online accounts with particular attention to the raising of payment requests and their authorisation.

### **1. Annual Budgets and Precept**

- 1.1 The RFO will prepare estimates of anticipated annual income and expenditure requirements prior to the meeting in December.
- 1.2 The Council delegates the power to grant dispensations under Section 33(1) of the Localism Act 2011 to the Clerk to the Council in relation to the setting of the Parish Precept.
- 1.3 The RFO and Chairman shall prepare a draft budget for the December meeting.
- 1.4 All Council members will be supplied with a copy of the draft budget and any subsequently amended version.
- 1.5 The Council will discuss and approve the budget at the January meeting as the basis for setting the precept and for the regular monitoring of the Councils' finances. The RFO shall issue the precept to the billing authority within their set time frame.
- 1.6 The budget shall form the basis of the financial control for the ensuing fiscal year.

## **2. Incomes and Expenditure**

2.1 The Council shall determine revenue expenditure giving due regard to the annual budget.

2.2 The RFO will supply at all ordinary meetings of the Council regular updates of income and expenditure throughout the year and where appropriate will detail actual figures against estimate. Significant under or over spends will be brought to the attention of the Council and action taken to address any discrepancies. Under spent revenue will be identified and earmarked to reserves or restricted funds by a Council resolution.

2.3 The RFO will be responsible for collecting all monies due to the Council and banking such on a regular basis.

2.4 Bank paying slips will show details of the origin of payments received.

2.5 No expenditure shall be incurred in relation to any capital project and no contracts entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that the necessary funds are available.'

## **3. Bank Accounts**

3.1 Bank accounts shall not be set up or closed without the authority of the Council, and recorded in the minutes.

3.2 Every account shall be identified with the Councils' name as part of the title.

3.3 All income is to be banked within 21 days.

3.4 In addition to a current account a high interest account will be maintained for funds not immediately required. The RFO is responsible for effecting transfers as required to keep the current account in credit.

3.5 A resolution of the Council will nominate at least three members to be authorised by the Council to sign cheques.

3.6 Cheques must be signed by two nominated Councillors.

3.7 Cheques are to be used in sequential order.

## **4. Controlling Expenditure and Reporting To Council**

4.1 During the year the budget will be reviewed against actual expenditure and income. Amendments to the budget will be discussed in Ordinary Council meeting and changes minuted.

4.2 The potential of raising a loan will require the prior agreement of the Council.

## **5. Internet Banking Procedures**

5.1 Wherever possible, payments will be made using Internet banking. These Standing Orders set out the principles and procedures of operation of the online account(s) with particular attention to the raising of payment requests and their authorisation. The actual process of the RFO operating the online account will be subject to the rules and security authorisation process of the agreed bank and be undertaken in accordance with these Standing Orders.

5.2 By Resolution dated the (9th day of March 2015) the Council has authorised the RFO to use internet banking facilities to manage the Council's bank accounts and to make authorised payments including the transfer of monies between accounts held by the Council.

5.3 If the Internet banking system requires a user to be an authorised signatory the RFO is deemed to be an authorised signatory. (See Resolution (ii) made by the Council (on the 9th March 2015.) However the banking mandate must then require a cheque or order for payment signed by the RFO to be signed also by two members of the Council.

5.4. When the Council uses internet banking services the RFO, in advance of the relevant meeting of Council, will circulate a report produced by the on line banking system to all councillors. The Report will detail all transactions for each of the Council's two bank accounts, which have been made since the last meeting of the Council.

5.4 The use of Internet banking will be reviewed annually and/or at such shorter intervening times as the Council thinks appropriate.

## **6. Payment of Accounts – Expenditure Approval**

6.1 All payments and claims upon the Council shall be laid before the Council.

6.2 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. If the RFO is uncertain as to the standard of work, quantity, etc. the invoice will be referred to the next meeting of the Council for verification before presentation for payment.

6.3 The RFO shall allocate payments to the appropriate expenditure heading. The RFO shall take reasonable steps to ensure that all invoices submitted, and which are in order, are put before the next available council meeting.

6.4. Cheques to cover verified invoices will be raised by the RFO and presented for signature to those councillors' with mandated authority to sign. A list of payments and their cheque numbers shall be shown in the minutes. The cheque signatories will initial the cheque payment stubs to indicate that it agrees with the cheque details. The cheque number will be added to the paid copy invoice for audit trail purposes.

6.6 All cheques for signature will be accompanied by the relevant verified Invoice. Any cheques to be raised to cover expenses must be accompanied by a completed expenses claim form, to which receipts for the goods or services must be attached. No payment should be made against expenses without attached receipts, with the exception of travel expenses, or expenses where it is not practical for receipts to be supplied. Travel expenses for mileage in a private vehicle will be paid at the current HMRC approved mileage rates.

6.7 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The Council shall review the schedule for compliance and, having satisfied itself shall approve and authorise payment by resolution of the Council

6.8 Where payment can be made using internet banking and payment is approved by Council, the relevant invoice shall be signed, dated and endorsed as 'Approved for Payment' by two members of the Council authorised to sign cheques drawn on the Council's bank account(s) and then passed to the RFO to effect payment using internet banking.

6.9. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect for which payment is being sought, that councillor shall be required to first consider Standing Orders, and thereby determine whether it is appropriate and/or permissible to be a signatory to the transaction in question.

6.10 The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. 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.

6.11. By resolution, from time to time, two of the Councillors' who act as signatories, with approval of the RFO, may authorise expenditure on behalf of the Council to a maximum of £500 between full council meetings provided that in their view the interests of the Council require such authority to be given prior to the next Council meeting, by reason of emergency or extraordinary circumstances and provided a full report of the expenditure and reason for it is made at the next meeting.

6.12. By resolution, from time to time, for the purposes of maintenance work, two Councillors, with approval of the RFO, may spend up to £100 on ancillary items, and either, request that a cheque be drawn or make an expenses claim in accordance with 6.6 above.

6.13 The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

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, provided that a list of such payments shall be submitted to the next appropriate meeting of council;

An expenditure item authorised under 6.14. Below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council.

6.14 For each financial year the RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation.

6.15. To control the risk of duplicated payments being authorised and/or made, a record of regular payments made under 6.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised. -

6.16 In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.

6.17 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.

6.18 The council will aim to rotate the duties of members in these Regulations so that duties are shared out as evenly as possible over time.

6.19 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by the Chairman and Vice Chairman.

## **7. Payment of accounts – instructions for making payments.**

7.1 The council will make safe and efficient arrangements for the making of its payments.

7.2 Following authorisation by Council under Standing Order 6 .7 above the Council or RFO shall give effect to the instruction that payment is made. All payments shall be effected where possible by Internet banking or, where not, by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.

7.3 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 two members sign the instructions 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.

7.4 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.

7.5 If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.

7.6 If thought appropriate by the council payment for certain items may be made by Internet banking transfer provided evidence is retained showing that council approved the payment.

7.7 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

7.8 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.

7.9 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

7.10 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.

7.11. Where Internet banking arrangements are made with any bank, the RFO shall act as the service administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the service administrator alone, or by the service administrator with a stated number of approvals.

7.12. Access to any Internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.

7.1.3. Changes to account details for suppliers, which are used for Internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the RFO and two members of council]. A programme of regular checks of standing data with suppliers will be followed.

7.14. Any Debit Card issued for use will be specifically restricted to the RFO and will also be restricted to a single transaction maximum value of [£500] unless authorised by council in writing before any order is placed.

## **8. VAT**

8.1 The RFO will promptly complete any VAT Return that is required.

8.2 Any repayment claim due in accordance with the VAT Act 1994 section 33 will be made at least annually coinciding with the financial year.

## **9. Salaries and Other Staff Payments**

- 9.1 The Council will review salaries and other payments annually.
- 9.2 All salary levels and adjustments to be prior approved by the Council and minuted, and should be in line with those salary scales set by NALC.
- 9.3 Records must be kept to satisfy Inland Revenue inquiries.
- 9.4 The RFO will ensure that Tax and NI liabilities, if any, are met. If a payment is necessary to avoid interest being charged due to late payment and the due date for payment is scheduled before the next meeting of the council, the RFO, with two authorised signatory councillors, may settle such invoices provided that a list of such payments shall be submitted to the next meeting of the council.

## **10. Expenses - Staff and Councillors**

- 10.1 Staff will be able to claim authorised travel and out of pocket expenses as agreed by the Council.
- 10.2 Councillors will be able to claim travel and out of pocket expenses for travel outside the parish, attending training or on other authorised Council work.
- 10.3 Rates to be agreed from time-to-time by Council in line with SLCC (Society of Local Council Clerks) guidelines and minuted.
- 10.4 All claims to be made using an expenses claim form, in the name of the person claiming and to be signed.
- 10.5 Records will be kept of all such payments so as to be able to satisfy Inland Revenue inquiries.

## **11. Accounting and Audit**

- 11.1 The RFO will determine all accounting procedures and financial records of the Council in accordance with current the Accounts and Audit Regulations and Acts of Parliament.
- 11.2 The RFO will complete the annual financial statements of the Council including the annual return as soon as practicable after the end of the financial year and will submit and report on them to the Council.
- 11.3 An Internal Auditor will be appointed by the Council to carry out the work required to comply with the Proper Practice. The person appointed will be competent and independent of the operation of the Council.
- 11.4 The RFO will submit the Annual Return to the External Auditor by the due date, ensuring the return is complete.
- 11.5 At the beginning of each financial year, the council will review its procedures to ensure that there is an adequate, effective system of internal control of the Council's accounting, financial and other procedures in line with Proper Practice.

## **12. Contracts and Purchase Orders**

- 12.1 An official order or letter will be issued for all work or service paid for by the Council. All Councillors and officers are responsible for obtaining good value for money at all times. An officer placing an order on behalf of the Council will ensure that good value and appropriate terms are obtained for the transaction.
- 12.2 Orders for values over £500 require a minimum of three quotations. Contracts exceeding £50,000 require additional safeguards and will follow proper practice.

12.3 Failure to obtain 3 tenders, where there is evidence of at least 3 potential suppliers being sought, will not make the process invalid. Exceptions to these rules may be made for: i) The provision of specialist services such as those provided by solicitors, accountants, surveyors, valuers and other similar consultants ii) The repair or supply of parts for existing machinery, equipment or plant.

12.4 All estimates will be approved by the Council; while the Council is not obliged to accept the lowest quotation the reasons for accepting the quotation will be recorded.

### **13. Orders**

13.1 All orders for goods and/or services other than those obtained through expenses shall be confirmed in writing on Council headed paper. Where suppliers order forms are used a copy should be taken.

13.2 Copies of all orders are to be retained for audit purposes.

### **14. Insurance**

14.1 The RFO will be responsible for ensuring that the Council has adequate insurance to include cover for public liability, third party liability, money and fidelity guarantee, employers' liability and other areas as directed by the Council.

14.2 The RFO will notify the Council of any new risks arising.

14.3 The level of cover will be reported annually to the Council for approval.

14.4 The RFO will be responsible for processing all claims and informing the Council.

### **15. Assets**

15.1 The RFO will ensure that an appropriate and accurate Register of Assets is maintained by the Council. It will be reviewed at least annually, in conjunction with a health and safety inspection of assets if appropriate.

### **16. Risk Assessment**

16.1 A risk assessment will be undertaken annually of all the activities of the Council and a report approved by the Council. This assessment will also cover the appropriateness of the internal audit arrangements. The risk assessment will be reviewed annually.

16.2 If the Council undertakes a new activity not covered by the existing risk assessment a further risk assessment will be done.

### **17. Execution and sealing of legal deeds**

17.1 A legal deed shall not be executed on behalf of the Council unless the same has been authorised by a resolution.

17.2 In accordance with a resolution made under standing order 16.1 above, any two members of the Council, may sign, on behalf of the Council, any deed required by law and the Clerk to the Council shall witness their signatures.



**18. Revision of Financial Standing Orders**

18.1 No amendment to these Standing Orders may be made without reference to, and resolution of the Council.

Signed (Chair).....

Date.....

NJS/FPC/FSO  
02/03/15