

# **WRINGTON PARISH COUNCIL**

## **FINANCIAL REGULATIONS**

Reviewed and adopted by the Parish Council 18 February 2015

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### **INTRODUCTION**

In accordance with the requirements of The Accounts and Audit Regulations 2006 the Parish Council has prepared, considered and adopted formally these Financial Regulations for the proper financial management of its financial affairs. These Regulations will be reviewed annually and updated at least every four years.

The Council is required to:

- i. appoint a Responsible Financial Officer (RFO);
- ii. adopt and maintain Financial Regulations;
- iii. maintain an effective system of internal audit;
- iv. ensure the efficient use of resources and value for money on all financial matters at all times.

### **1. GENERAL RESPONSIBILITIES & CONTROLS**

- a. The Parish Clerk for the time being is appointed as Responsible Financial Officer (RFO) in accordance with the provisions of Section 151 of the Local Government Act 1972.
- b. All income and expenditure of the Council will be recorded in appropriate accounting records.
- c. The Clerk shall:
  - i. determine the form of the Council accounts and all supporting financial and accounting records in conjunction with the Finance Group;
  - ii. monitor compliance with these Regulations and Standing Orders;
  - iii. ensure that the accounts and supporting financial records of the Council are maintained so as to satisfy the practices set out in these Regulations;
  - iv. identify the duties of any duly appointed support staff and the division of duties necessary to effect proper financial control;
  - v. make recommendations to ensure that these Regulations are kept up to date so as to reflect best practice.
- d. Where it appears necessary to make a payment before it has been authorised under the rules set out elsewhere in these Regulations such payment shall be certified as to its correctness and urgency by the Clerk

and with regard to paragraphs 1.e, 1.f, 1.g and 11.e below, and Standing Order 33.

- e. The Clerk may authorise expenditure to the value of £50 for any regular office supplies or services needed to ensure and maintain the efficient running of the Parish office, with a cash float of £50 held to facilitate this. An appropriate record of such expenditure must be maintained. The Clerk may also authorise expenditure to the value of £250 with the prior approval of the Chairman, or Finance Group Chair, or if unavailable one other designated signatory, for items of office equipment, supplies, services, maintenance or repairs to Council assets or facilities, where it is considered that any delay might be against the Council's best interests. The resulting commitment to expenditure shall be included in the next schedule of payments submitted for approval by the Council.
- f. Other expenditure considered to be essential such as urgent repairs to Council assets or facilities to the value of £500 per item or contract may be authorised immediately by the Clerk with the prior approval of the Chairman, or Finance Group Chair, and one other designated signatory. Any resulting commitment to expenditure shall be included in the next schedule of payments submitted for approval by the Council.
- g. Where proposed expenditure relates to previously budgeted services or utility supplies the Clerk may authorise the commitment to expenditure subject to this being included in the next schedule of payments submitted for approval by the Council.

## **2. BUDGET & BUDGETARY CONTROL**

- a. The Finance Group shall consider the detail of the Capital and Revenue expenditure budgets and make appropriate recommendations to the Council. The Council will consider these recommendations and determine the budget for the forthcoming year.
- b. The Finance Group shall meet regularly to consider a statement of actual income and expenditure compared with the agreed budget.
- c. The Finance Group Chair shall report to Council any area where the amount of any approved estimate of expenditure or income may be likely to be exceeded and the potential implications.
- d. The Finance Group shall recommend to the Council the approval of all supplementary estimates and virements between estimates.

## **3. CONSULTANTS & CONTRACTORS**

All consultants and contractors engaged by the Council shall be required to carry appropriate professional indemnity, public liability and employers' liability insurance so as to ensure that the Council is not exposed to risk.

#### **4. FEES AND CHARGES**

The Council will maintain a list of its fees and charges. Fees and charges will be reviewed annually by the Finance Group and then recommended for approval by the Council.

The Council shall pay all legitimate expenses incurred by Councillors and officers in carrying out business on behalf of the Council.

#### **5. QUOTATIONS & TENDERS**

- a. At least one written quotation shall be obtained for all proposed purchases up to an estimated contract value of £1,000, other than for purchases under £50 made in relation to paragraph 1.e above or unless relevant legislation requires otherwise
- b. Where it is intended to enter into a contract exceeding £1,000 but less than £5,000, three written quotations shall be sought. All quotations received will be assessed by the Finance Group and the preferred offer will be recommended to the Council for approval. Where specific expertise is felt necessary the Council may invite quotations from one or more specialist suppliers and then proceed as it thinks fit.
- c. Where it is intended to enter into a contract exceeding £5,000 but less than £25,000, the Council will post details on its notice boards and/or website, giving at least three weeks' public notice and advising of its intention to seek bids. No fewer than three written quotations shall be sought. All quotations received will be assessed by the Finance Group and the preferred offer will be recommended to the Council for approval. Where specific expertise is felt necessary a public notice may not be required but the Council will invite three selected specialist suppliers to offer quotations and should these invitations not result in confirmed expressions of interest or quotations the Council may then proceed as it thinks fit.
- d. Where it is intended to enter into a contract exceeding £25,000 but less than £50,000, notice shall also be given in such newspapers circulating in the area as the Council shall direct. This notice shall state the nature of the intended contract, the name and address of the person to whom enquiries and quotations are to be addressed and the last date and time by which any quotations should be received. All quotations received will be assessed by the Finance Group and the preferred offer will be recommended to the Council for approval.
- e. Formal tenders shall be sought and a formal contract entered into under paragraph 6 below where the estimated value or amount of a proposed contract or related purchases exceeds £50,000 and in any other case where the Council so determines. This Regulation should be read alongside Standing Order 43.

- f. In exceptional circumstances and where specific expertise is required the Council will consider a proposal to waive Financial Regulations in relation to quotations, tenders and contracts to enable a price and contract terms to be negotiated without competition. In this case the proposal will be considered at a full meeting of the Council and the resolution recorded in the meeting minutes.

## **6. TENDER & CONTRACT PROCEDURES**

- a. Invitations to tender for items in excess of £50,000 shall state that they be forwarded in a plain sealed envelope marked 'Quotation' and with the subject clearly identified, and specify a latest date, time and place for the receipt of all offers. Any tender notice shall contain a reference to Standing Orders 35 and 36 regarding improper activity.
- b. Tender applications shall be held by the Clerk until the date determined for their opening.
- c. Tenders shall be in writing and shall clearly state:
  - i. the goods, materials and/or services to be supplied or the work to be executed;
  - ii. the price to be paid less any discount or other deductions and the period for which the price will remain valid;
  - iii. the period(s) of the contract, delivery and/or work start date;
  - iv. that public liability, employers' liability and all risks insurance are provided.
- d. The Clerk shall open all tenders in the presence of the Council Chair or, where he/she is unavailable, the Vice Chair. No prices or details shall be divulged to any other person before the offers and conditions of supply are put to the Finance Group for review and before a resulting recommendation is made to the Council.
- e. The Clerk shall maintain a list of all suppliers asked to tender and on opening any tender submitted shall add the price quoted to this list together with any conditions of supply.
- f. The terms and conditions attached to any tender or proposed new contract will be considered by the Finance Group and any implications reported to the Council before a final decision or commitment is made.
- g. The Council is not bound to accept the lowest tender.
- h. If no tender is received or if all tenders are identical, the Council may proceed as it thinks fit.

Note: The Council is reminded that at and above the EU public sector procurement threshold levels defined tender procedures must be undertaken. The relevant threshold levels are subject to the exchange rate and regulations in force at the time and specialised advice should be sought on this issue.

## **7. PURCHASING & ORDERS**

- a. Formal written orders, either in paper or electronic form, shall be issued for all works, goods, materials or services to be supplied to the Council except for ongoing services or supplies and related payments provided in accordance with the previously agreed budget.
- b. Copy orders shall be retained in a dedicated file.
- c. No Council officer or member shall act in a manner likely to have the effect of restricting, distorting or preventing competition in purchasing procedures.

## **8. INCOME**

- a. The Clerk shall prepare a budget for consideration by the Finance Group, which will then submit a recommendation to the Council. Following agreement by the Council a precept request will be submitted to North Somerset Council before the deadline date.
- b. Potential 'write offs' will be listed for consideration by the Finance Group and authorised by the Council.
- c. Applications for grant income will be considered by the Finance Group as and when necessary and recommendations submitted to the Council. The North Somerset Council Village Orderly Grant is to be applied for annually.
- d. Allotment fees are to be reviewed annually by the Finance Group and recommendations submitted to the Council.

## **9. BANKING ARRANGEMENTS & PAYMENTS**

- a. Any banker acting on behalf of the Council shall be instructed that accounts in the name of the Wrighton Parish Council may only be opened and activated on production of an appropriate Parish Council minute confirming the relevant decision.
- b. The bank account mandate shall stipulate that all withdrawals, whether by cheque, standing order, direct debit or other means, are to be signed or approved by two of the designated members whose names and signatures shall have previously been advised to the relevant bankers other than where payment is made by BACS or under the exceptional circumstances related to internet banking in paragraph d. below.
- c. Withdrawals may be made by BACS for salaries, subject to the agreement of the employee, income tax and NIC payments to HMRC and for other monthly staff costs where appropriate and agreed by resolution of the Council. Internet banking will not be used.

- d. While the Council is able to register for internet banking for the purposes of account management and control, no payment is to be made by internet banking other than in exceptional circumstances. In this case the payment must be authorised in advance by the Responsible Financial Officer and two designated signatories, with these all signing a formal record of the agreed transaction which is to be kept on file.
- e. Monies received shall be deposited with the Council's bankers as soon as possible.
- f. No deductions shall be made from monies received and no personal cheques shall be cashed.
- g. Blank cheques shall be kept under lock and key when not in use.

## **10. INVESTMENTS, SECURITIES & BORROWINGS**

- a. Investments  
All investment funds or accounts under the Council's control shall be made in the name of the Wrighton Parish Council.
- b. Securities  
All securities that are the property of, or in the name of the Wrighton Parish Council and the title deeds of all property shall be held by the Council's solicitor or bankers.
- c. Borrowings  
All borrowings shall be effected in the name of the Wrighton Parish Council.

## **11. PAYMENT OF ACCOUNTS**

- a. The normal method of payment of money due from the Council shall be by cheque, standing order, direct debit or BACS payment drawn on the Council's banking account. All withdrawals will be approved in accordance with paragraph 10(b) above.
- b. The payment of monies shall be authorised by resolution of the Council. Members of Council shall satisfy themselves that the relevant expenditure has been properly incurred.
- c. No payment to individual members or officers shall be authorised or signed by that person.
- d. All amendments to invoices shall be made in ink and initialled by the Clerk and shall state the reasons for the amendment.
- e. Where it is felt necessary to make a payment before it has been authorised by the Council reference should be made to the procedures defined under

paragraphs 1e, 1.f and 1.g above. All such payments shall be certified as to their correctness and urgency by the Clerk and authorised by the Chair or Vice-Chair of the Council.

- f. All payments ratified under sub-paragraph (e) of these Regulations shall be included in the next schedule of payments before the Council.

## **12. TRAVEL, SUBSISTENCE & OTHER ALLOWANCES**

All claims for repayment of travelling and other expenses incurred on behalf of the Council shall be certified as correct by the Clerk together with one authorised bank signatory and then submitted to the Council for approval prior to payment.

## **13. ACCOUNTING & AUDIT**

- a. Records  
Accurate accounting procedures and records are to be maintained and balanced on a regular basis. These will be inspected and checked periodically by the Finance Group or other nominated member.
- b. Responsibility for Audit
  - i. An effective and regular internal audit shall be carried out to safeguard the Council from:
    - fraud and other offences;
    - waste, inefficient administration or poor value for money.
  - ii. An external audit shall be carried out in accordance with the Accounting and Audit regulations in force at the time. All audit procedures shall be overseen by the Finance Group.
- c. Financial Irregularities
  - i. Where any officer or member suspects financial irregularity he/she shall inform the Finance Group or other appropriate member who shall investigate, take any appropriate action and report the matter to the Council.
  - ii. The Clerk shall exercise, as appropriate, Section 151 of the Local Government Act 1972 responsibilities and shall have all the authority necessary to do so.
  - iii. The Clerk shall report to the Council if it appears to him/her that the Council, one of its Working Groups, a member or an officer:
    - has made or is about to make a decision which would involve the Council incurring expenditure which is unlawful;
    - has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency;

- is about to enter an item of account, the entry of which is unlawful.

#### **14. SECURITY**

- a. The Clerk shall consult with the Internal Auditor, Finance Group and/or relevant members where the security of any resource is thought to be defective or special arrangements may be needed.
- b. The expenditure limits defined in these Financial Regulations and Standing Orders shall not be altered or exceeded without the express permission of the Council.
- c. All staff and members are responsible for maintaining proper security and privacy with respect to information held both electronically and in paper form.
- d. Keys to offices, safes or cash boxes are to be carried on the person of those responsible and must be kept secure. The loss of any such key must be reported to the Clerk and Council Chair immediately.

#### **15. ESTATES & INVENTORIES**

- a. A detailed Register of the Council's property assets shall be maintained.
- b. A schedule of all Council assets is to be prepared for the external and internal audit purposes and updated annually.

#### **16. RISK/INSURANCE MANAGEMENT**

- a. All members, officers and volunteers shall ensure that where possible the Council is not exposed to risk and that, when in place, the Council's risk and insurance management policies are complied with.
- b. The Council shall have fidelity insurance.
- c. All insurance policies shall be reviewed annually by the Finance Group alongside the budget review.

#### **17. INTERNAL AUDIT**

##### **i. Internal Auditor Check**

- a. A nominee approved by the Parish Council is to undertake the Internal Audit.
- b. Internal audit inspections shall be undertaken annually.

- c. Inventories of all assets shall be checked.
- d. The audit must include *a random sample* check: (*wording revised Oct '12*)
  - i. on all income and expenditure;
  - ii. on records of assets and liabilities;
  - iii. on measures to prevent and detect fraud;
  - iv. on procedures for bad debts to be written off;
  - v. that income is in accordance with the budget set and that income due is received and accounted for;
  - vi. that expenses are in accordance with the budget;
  - vii. that computerised accounts are maintained and backed-up;
  - viii. that the books of accounts are accurate and regularly reconciled with bank statement.

ii. Internal Control – Finance Group Check

- a. An internal control inspection will be carried out annually in conjunction with the Internal Audit. This inspection will be undertaken by the Finance Group with the assistance of other members where appropriate.
- b. The inspection will review the report prepared by the Internal Auditor and all issues arising, alongside a cross-check of all Council assets and the items listed in paragraph 18.i.d above.

**18. GRANTS/DONATIONS**

Grants/donations will be normally considered by the Finance Group in relation to the Council's Grant Policy and will submit recommendations to the Council for inclusion in the budget or for approval, as appropriate.

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