

# **WRINGTON PARISH COUNCIL**

## **FINANCIAL REGULATIONS [ENGLAND]**

These Financial Regulations have been taken and adapted from the NALC model and were adopted by the Parish Council at its Meeting held on 17 May 2023.

### **1. GENERAL**

- 1.1. These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2. They form part of the arrangements by which the Council discharges its responsibility under the Accounts and Audit Regulations 2015 and its subsequent amendments to ensure: a) that the financial management of the Council is adequate and effective and that it has a sound system of internal control, and b) that its accounts comply with proper practices.
- 1.3. The Clerk Shall be the Responsible Financial Officer (RFO).
- 1.4. The RFO shall be responsible for producing financial management information.
- 1.5. The Council shall review, at least once a year, the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts.

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).

### **2. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

- 2.1. The RFO must each year, by no later than January, 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 Finance Committee and the Council.
- 2.2. The Council shall consider the annual budget including recommendations for the use of reserves and sources of funding.
- 2.3. 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.

- 2.4. The approved annual budget shall form the basis of financial control for the ensuing year.

### **3. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

- 3.1. Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2. No expenditure may be incurred that will exceed the amount provided in the revenue budget. The Clerk may, with approval of the Council, move amounts between budget headings or to an earmarked reserve.
- 3.3. The salary budgets are to be reviewed at least annually for the following financial year. The RFO will inform Committees of any changes impacting on their budget requirement for the coming year in good time.
- 3.4. In cases of extreme risk to the delivery of Council services, the Clerk may authorise revenue expenditure on behalf of the council, which in the clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement, or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1000. The Clerk shall report such action to the Chair as soon as possible and to the Council as soon as practicable thereafter.
- 3.5. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, and the requisite borrowing approval has been obtained.
- 3.6. Unspent provisions in the revenue budget shall only be carried forward to a subsequent year with approval of the Council, otherwise it will be transferred to the general reserve.
- 3.7. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

### **4. ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 2015 and any subsequent amendments.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report to the Council.
- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return and for submitting the Annual Return for approval and authorisation by the Council within the timescale set by the Accounts and Audit Regulations.

- 4.4 The RFO shall be responsible for ensuring that there is an adequate and effective system of Internal Audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2015, and any subsequent amendments.
- 4.5 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to a satisfactory completion of the Internal Auditor's Report section of the Annual Return. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a minimum of a yearly basis.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts as required by the Accounts and Audit regulations 2015, and any subsequent amendments.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

## **5 BANKING ARRANGEMENTS**

- 5.1 The Council's banking arrangements shall be made by the RFO and Assistant Clerk and approved by the Council.
- 5.2 A schedule of payments required, forming part of the papers for the meeting, shall be prepared by the Clerk or Assistant Clerk and be presented to the Council. The relevant invoices will also be available. If the schedule is in order, it shall be authorised by a resolution of the Council.
- 5.3 Cheques drawn/BACS payments made on the bank account in accordance with the schedule of payments shall be signed/authorised by two members of the Council.
- 5.4 Credit/debit card – The Council shall procure a credit/debit card linked to the Unity Trust Bank account for the use of the Clerk or Assistant Clerk to obtain goods or services on behalf of the Council (as per expenditure limits set out in these regulations). No personal expenditure is permitted under any circumstances.
- 5.5 Petty cash may be kept up to an amount of £50 for the purpose of paying for minor operational and other expenses. Income received must not be paid into the petty cash float but must be separately banked. Payments to maintain the petty cash float shall be shown on the finance report.

## **6 SAFEGUARDING MONEY**

- 6.1 The Council will review arrangements for handling money and its associated risks at least annually. Up-to-date bank reconciliations shall be presented to each ordinary meeting of the Council.

- 6.2 All invoices for payment shall be examined by the Clerk or Assistant Clerk.
- 6.3 Invoices for payment shall be entered onto a finance report for approval by the Council. Cheque payments must be signed by two authorised signatories. When electronic banking is used, two authorised Councillors must authorise the transactions.
- 6.4 Direct debit or standing order payments may be permitted, with the approval of the Council, for regular items such as utility bills or payroll. Amounts so paid should be itemised on the payments and receipts report generated by the Accountancy software and provided with the Council papers.
- 6.5 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 Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may take all steps necessary to settle such invoices if a list of such payments shall be submitted to the next appropriate meeting of Council.

## **7 PAYMENT OF SALARIES**

- 7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be agreed by the Council.
- 7.2 Payment of salaries, overtime and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting.

## **8. LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council Policy.
- 8.2. All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **9. INCOME**

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 All sums received on behalf of the Council shall be banked in a timely manner.
- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 The RFO shall complete any VAT Return that is required.

## **10. CONTRACTS AND ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1 Before placing an order or making a purchase, steps should be taken to ensure that the Council is paying a competitive price and achieving good value for money.
- 10.2 Every contract shall comply with these Financial Regulations, and no exceptions shall be made otherwise than in an emergency. This regulation need not apply to contracts which relate to items (i) to (vi) below:
  - i. for the supply of gas, electricity, water, sewerage and telephone services;
  - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or 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 additional audit work of the External Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council); and
  - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 10.3 The Clerk may authorise expenditure to the value of £250 for any regular office supplies or services needed to ensure and maintain the efficient running of the Parish Office. An appropriate record of expenditure to be maintained.
- 10.4 The Clerk may also authorise expenditure for goods, works or services under £500, provided that there is budgetary provision and in consultation with Chair of the Council and/or Chair of the Finance Committee or one other authorised signatory. This expenditure to be included in the finance report at the next full Council meeting.

- 10.5 Where the value of a contract is below £2,500 but above £500 the Clerk or Assistant Clerk shall attempt to obtain one written estimate. This to be approved by the Council and can be circulated and approved via email in between meeting dates if necessary.
- 10.6 A minimum of two estimates will attempt to be sought for expenditure estimated between £2,500 and £5,000. These to be approved by the Council and can be circulated and approved via email in between meeting dates if necessary.
- 10.7 Where the Council is to enter into a contract greater than £5,000 but less than £30,000 the Clerk or Assistant Clerk shall attempt to obtain three quotations. All quotations received in this instance will need to go to full Council.
- 10.8 Longer term contracts for the supply of services such as gas, electricity and telephones should be regularly reviewed to ensure that the best terms are being obtained with regard to tariffs and supplier.
- 10.9 Orders should be placed by the RFO or Assistant Clerk. Before committing the Council, checks should be made that funds are available within the budget and that the Council has the necessary power to incur the expenditure.
- 10.10 For capital projects and other contracts estimated to cost less than £30,000, the Council's contract standing orders should be followed.
- 10.11 Where contracts with a value of over £30,000 are advertised, the information should also be published on the Governments' Contracts Finder system.
- 10.12 When applications are made to waive Financial Regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- 10.13 Formal tenders shall be sought and a formal contract entered into where the estimated value or amount of the proposed purchase exceeds £50,000, and in any other case where the Council so determines.
- 10.14 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 in the ordinary course of post. Each tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- 10.15 If less than three tenders are received for contracts above £50,000 or if all tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- 10.16 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 10.17 Only the name of the successful bidder will be recorded in the Council meeting minutes.

## **11. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (PUBLIC WORKS CONTRACTS)**

- 11.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 11.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 11.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.]

## **12. ASSETS, PROPERTIES AND ESTATES**

- 12.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and of properties held by the Council.
- 12.2 No property shall be sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £250.
- 12.3 No property shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law.
- 12.4 No property shall be purchased or acquired without the authority of the full Council.
- 12.5 The RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date.
- 12.6 For the purpose of the asset register the Council has set a *de minimus* limit of £250 for which assets are not recorded on the register. This excludes land, historical artefacts and assets with a replacement value of over £100.

## **13. INSURANCE**

- 13.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers
- 13.2 The RFO shall keep a record of all insurances effected by the Council and review this annually.
- 13.3 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.
- 13.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **14 SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 14.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time, but at least every four years. 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.
- 14.2 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.