

# WILLINGTON PARISH COUNCIL FINANCIAL REGULATIONS

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## 1. GENERAL

These financial regulations shall govern the conduct of the financial transactions of Willington Parish Council and may only be amended or varied by resolution of the Council.

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.

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
- identifying the duties of officers.

These financial regulations demonstrate how the council meets these responsibilities and requirements.

At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

Members of council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.

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
- addressing recommendations in any report from the internal or external auditors, shall be a matter for the full council only.

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 in excess of £50

- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

Council 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.

## **2. THE RESPONSIBLE FINANCIAL OFFICER**

The Responsible Finance Officer (RFO) is a Statutory Office and appointed by the Council. The Clerk of the Council will take on this role, under the policy direction of the Parish Council, and shall be responsible for the proper administration of all the Council's financial affairs.

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
- produces financial management information as required by the Council.

The accounting records determined by the RFO shall be sufficient to:

- show and explain the Council's transactions
- enable the RFO to ensure that the statement of balances, record of receipts and payments, and management information prepared for the Council comply with the Accounts and Audit Regulations.

The accounting records determined by the RFO shall 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
- 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.

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
- measures to ensure that risk is properly managed.

### **3. ANNUAL BUDGET**

The RFO will compile detailed estimates of income, funding, expenditure (including salary payments), and use of reserves annually in the form of a budget for Council's consideration. The Council will review the budget not later than the end of January each year in order to 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 documentation to Cheshire West and Chester Council.

The RFO shall supply each member of the Parish Council with a copy of the approved budget. During the year Council the budget will be reviewed quarterly against actual income and expenditure.

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

### **4. BUDGETARY CONTROL**

Prior to each full meeting of the Council, the RFO shall provide the Council with a statement of receipts and payments to date under each budget line, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements shall show explanations of material variances. For this purpose, "material" shall be in excess of 5% of the budget line in question.

The RFO may incur expenditure on behalf of the Council, subject to a limit of £200, that is required to carry out any repair, replacement or other work which is of such urgency that it must be done at once. This applies whether or not there is any budgetary provision for the expenditure or whether it is covered by the Council's insurers. Should the amount required for urgent work exceed the £200 ceiling, an extraordinary Council meeting must be called.

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. 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').

### **5. ACCOUNTING AND AUDITING**

All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations.

The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report on them to the Parish Council.

The Council will review the internal audit system each year and ensure that it provides an adequate, effective system of internal audit of the Council's accounting, financial and other procedures in line with proper practice.

An internal auditor shall be appointed by the Parish Council. The person or body appointed will be a competent person or body independent of the Council and their task will be to review whether the systems of financial or other control are effective. The internal auditor's written report is to be presented to the Council after the end of the financial year.

The external auditor shall be appointed by regulations issued by the Department of Communities and Local Government. If required, the RFO will submit the Annual Return to the External Auditor by the due date, ensuring the return is complete. Otherwise the Council will annually approve a certificate of exemption from external audit and the Clerk will submit it to the External Auditor. Currently Councils with incomes of less than £25,000 are not subject to external audit.

The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

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.

Internal or external auditors may not under any circumstances:

- perform any operational duties for the council
- initiate or approve accounting transactions
- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

## **6. BANKING ARRANGEMENTS AND CHEQUES**

The Council's banking arrangements, including the bank mandate, will be made by the RFO and approved by the Council. The Council will review the Council's banking arrangements and bank mandate for all Council bank accounts annually.

A schedule of payments of accounts on a monthly basis shall be prepared by the RFO and together with the relevant documentation, shall be presented to the Council at each Council meeting for approval. If the schedule is in order, it shall be authorised by a resolution of the Council.

Cheques drawn on the bank account in accordance with the schedule referred to above shall be signed by two Councillors. 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 and sign a

copy of the invoice. A copy of each cheque will be filed along with the related invoice/order for payment (initialled or signed by two Councillors) in the Council records.

Cheques or orders for payment can be presented for signature at a Council meeting or away from the meetings. Any signatures obtained away from the Council meetings shall be reported to the Council at the next convenient meeting.

## **7. PAYMENTS OF ACCOUNTS**

All invoices for payment shall be examined, verified and certified by the RFO. Before certifying an invoice, the officer must be satisfied that the work, goods or services have been received, carried out, examined and approved. Duly certified invoices will be examined by the RFO in relation to arithmetical accuracy.

Payments shall normally be made by cheque, drawn on the Council's bank account. If thought appropriate by the Council, payment for 'utility' supplies (e.g. telephone, software subscriptions) may be made by Direct Debit provided that the instructions are signed by two authorised bank signatories, a copy of the documentation is kept, and any payments are reported to Council at the Council meeting when made. Such arrangement should be reviewed every two years,

If thought appropriate by the Council, payment for certain items may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two authorised bank signatories, a copy of the documentation is kept, and payments are reported to Council when made.

If thought appropriate by the Council, payment for certain items may be made by internet banking transfer provided that the payment is approved in advance by Council. The individual releasing the payment will provide designated Council members with a copy of the bank statement as soon as the item appears on the bank statement following payment.

The Clerk is authorised to approve (as per the process described in paragraph one of this section) any invoices that require payment before the next meeting of the Council. Payments will follow the process described in the Banking Arrangements and Cheques section of these Financial Regulations.

Invoices approved and payments made in this manner will be reported to the next convenient Council meeting.

No Petty Cash is permitted.

## **8. CASH BOOK/BANK STATEMENT**

At least quarterly, the RFO will pass the cash book and bank statements to a designated Councillor. The designated Councillor will then satisfy themselves that all transactions have been made in accordance with Council approval. The Councillor will sign and date each monthly bank statement to confirm that the work has been done and an appropriate report will be made to the next Council meeting. The designated Councillor should be changed at least annually.

## **9. PAYMENT OF SALARIES AND WAGES**

As an employer, the Council shall fully meet the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records, and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council.

Payment of salaries 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, as set out in these regulations above.

No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.

## **10. LOANS AND INVESTMENTS**

All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period in accordance with the Council Policy.

All borrowings will be in the name of the Council and will not be entered into until necessary approvals have been given by the Council and have been minuted.

## **11. INCOME**

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

All sums received on behalf of the Council shall either be handed to the RFO for banking or be banked by the officer collecting the money as directed by the RFO. In all cases, receipts shall be deposited with the Parish Council's bank as soon as practically possible and without undue delay.

## **12. ORDERS FOR WORK, GOODS AND SERVICES**

The Council will, when placing orders, adopt the concept of "Best Value" in relation to the appropriateness, quality and value for money of the goods and services.

An official order or letter shall be issued by the RFO for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders issued shall be maintained by the RFO.

Orders for values between £500 and £2,000 will normally require two quotations or two suitable options (if the order is made via a website and no formal quotation is available).

Where an order exceeds £2,000 in value, the Council shall endeavour to obtain three separate quotes before deciding which supplier to accept. The Council will not be obliged to accept the lowest price.

### **13. CONTRACTS**

The Council will, when placing contracts, adopt the concept of “Best Value” in relation to the appropriateness, quality and value for money of the goods and services to be procured.

Where it is intended to enter into a contract for the supply of goods or execution of works exceeding £10,000 in value, the Council shall endeavour to obtain three separate quotes before deciding which supplier to accept. The Council will not be obliged to accept the lowest of any price offered.

### **14. INSURANCE**

The RFO shall:

- a. effect all insurances and negotiate all claims on the Council’s insurers
- b. promptly notify the Council of all new risks which require to be insured and of any alterations affecting existing insurances
- c. keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it
- d. be responsible for ensuring that Council undertakes an annual written risk assessment.

### **15. EXPENSES – Employees and Councillors**

Employees will be able to claim authorised travel and out of pocket expenses.

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.

Rates will be agreed from time-to-time by the Council in line with Cheshire Association of Local Council guidelines.

All claims must be made in writing in the name of the person claiming and to be signed. And receipts must be provided where appropriate.

Records will be kept of all such payments to ensure that H M Revenue and Customs enquiries can be satisfied.

### **16. ASSETS**

The RFO will ensure that an appropriate and accurate Register of Assets is maintained by Council and that it is reviewed on an annual basis.

### **17. RISK MANAGEMENT**

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.

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



## **18.COMPUTER SECURITY**

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.

No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts to any person who has not been authorised in writing by the Council.

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.

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

## **19. SUSPENSION OR REVISION OF FINANCIAL REGULATIONS**

It shall be the duty of the Council to review the Financial Regulations of the Council annually.

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.

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.

END OF DOCUMENT

**Revised in September 2019 to include revisions in the Model Financial Orders for Councils 2019.**

**Approved 24th September 2019 – minute 19/071**

**Revised in July 2020 to amend the frequency of review of management accounts, to state that responsibility for review of statements and cash book should be rotated between Councillors at least annually, and to clarify the reqt for External Audit.**

**Approved 21st July 2020 – minute 20/054**

**Approved with no changes 27<sup>th</sup> July 2021 minute 21/057**

**Approved with no changes 26<sup>th</sup> July 2022 minute 22/049**

**Revised in November 2022 to include revisions to the frequency of review of bank statements, and to permit the authorisation and payment of invoices between meetings.  
Approved 22nd November 2022 – minute 22/097  
Next review: July 2023.**

**Revised in May 2023 to:**

- rename the document to Financial Regulations**
- include key sections from the NALC Model Financial Regulations – England July 2019 that are missing from the previous version**
- cover purchases made via websites with no formal quotations available**
- reflect the fact that a significant number of payments are made, and therefore cheques raised and signed between meetings**
- clarify the process for developing the annual budget**
- add a contents page.**

**Approved 23rd May 2023 – minute 23/027**

**Reviewed & approved with no changes 21<sup>st</sup> May 2024 – minute 24/028**

**Next review: May 2025.**