

GRAPPENHALL AND THELWALL PARISH COUNCIL FINANCIAL REGULATIONS



(Adopted at the Council Meeting on 21st January 2021)

Based on the NALC Model Financial Regulations

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. Financial Regulations must be observed in conjunction with the Council's Standing Orders.
- 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 The Responsible Financial Officer (RFO) under the policy direction of the Parish Council shall be responsible for the proper administration of the Council's financial affairs.
- 1.6 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.
- 1.7 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.8 Members of the Council are expected to follow the instructions within these Regulations and not entice employees to breach them.
- 1.9 The RFO;
 - Acts under the policy direction of the Council;
 - Administers the Council's affairs in accordance with all Acts, Regulations and proper practices;
 - Determines on behalf of the Council its accounting records and accounting control systems;
 - Ensure that 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.
- 1.10 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 Regulations.

- 1.11 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.
- 1.12 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.
- 1.13 The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular, any decisions regarding; setting the final budget or the precept; 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.
- 1.14 In addition the Council must; determine and keep under regular review the bank mandate for all Council bank accounts and 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.

2 ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 2.1 Detailed estimates of all income and expenditure for the year shall be prepared each year (by no later than December) by the RFO, and shall submit them for consideration and approval by the Council in accordance with the budget timetable agreed by the Council and in line with Warrington Borough Council precept requirements timescales.
- 2.2 The Council shall determine the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.3 The approved annual budget shall form the basis of financial control for the ensuing year.

3 BUDGETARY CONTROL

- 3.1 No expenditure may be incurred which will exceed the amount provided in the appropriate revenue budget unless approved by the Council.
- 3.2 The RFO shall periodically (usually quarterly) provide the Council with a statement of income and expenditure to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.3 The Clerk/RFO may incur expenditure within approved budgets for office, administrative and

routine maintenance purposes,

- 3.4 The Clerk/RFO may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £2,500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year, unless specifically approved by the Council, but will remain in Parish Council 'balances'.
- 3.6 No expenditure shall be incurred 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 capital funds are available, or the requisite borrowing approval can be obtained.
- 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, and any subsequent amendments thereto.
- 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 thereon to the Council.
- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the External Auditor appointed by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the time scales set by the Accounts and Audit Regulations, and any subsequent amendments thereto and the External Auditor.
- 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 the Accounts and Audit Regulations, and any subsequent amendments thereto. Any Officer or Member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary to the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return. The Internal Auditor, who shall be competent and independent of the Council, shall report to the Council in writing on the accounts for each year, and at other times as required by the RFO or the Council.
- 4.6 The Internal Auditor shall be competent and independent of the financial operations of the Council; report to Council in writing on a regular basis, with a minimum of one annual written report during each financial year; 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.
- 4.7 Internal or External Auditors may not under any circumstances: perform any operational duties for the Council; initiate or approve accounting transactions; or direct the activities of any Council

employee, except to the extent that such employees have been appropriately assigned to assist the Internal Auditor.

- 4.8 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the law, Internal Auditor and External Auditor.
- 4.9 The RFO shall, as soon as practicable, report to the Council any significant matters raised by the Internal or External Auditor.
- 4.10 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 the Audit Commission Act, or any superseding legislation, and the Accounts and Audit Regulations.

5 BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements 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 A schedule of invoices and other vouchers for payments shall be prepared by the RFO and, together with the relevant invoices, be presented to the Council, or to a Committee authorised to approve them. The schedule of payments approved by resolution of the Council shall be signed by the Chairman of the Meeting.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4 shall be signed by any 2 of the authorised signatories.
- 5.4 Debit card payments or bank transfers will also require 2 authorised signatories on the relevant completed authorisation forms.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk/RFO. The Clerk/RFO shall satisfy herself that the work, goods or services, to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetical accuracy and shall analyse them to the appropriate expenditure heading.
- 6.4 If payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 2013, and the due date for payment is before the next scheduled Meeting of the Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, the RFO may take all steps necessary to settle all such invoices provided that a list of such payments shall be submitted to the next appropriate Meeting of the Council.
- 6.5 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 or other interest, unless a dispensation has been granted.

- 6.6 Cheques or orders for payment drawn on the bank account in accordance with the schedule presented to Council or Committee shall be signed by two members of the Council (authorised signatories).
- 6.7 If thought appropriate by the Council, payment for utility supplies and other subscriptions may be made by variable direct debit provided that the instructions are included in the monthly schedule of accounts and authorised accordingly.
- 6.8 If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS - provided that the instructions for each payment are signed by two signatories.
- 6.9 If thought appropriate by the Council, payment of certain items may be made by internet bank transfer - provided that the instructions are signed by two signatories.
- 6.10 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier. A programme of regular checks of standing data with supplier will be carried out.
- 6.11 Any Debit Card transactions will be restricted to a single transaction maximum value of £1,000 unless authorised by council or any committee prior.

7 PAYMENT OF SALARIES

- 7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE, national insurance, pensions and salaries, shall be as agreed by the Council.
- 7.2 Payment of salaries and wages and payment of deductions from salaries and wages such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available Council Meeting.
- 7.3 No changes shall be made to any employee's pay, emoluments or terms and conditions of employment without the prior consent of the Council.
- 7.4 Every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (salaries file). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
 - a) By any Councillor who can demonstrate a need to know;
 - b) By the Internal Auditor;
 - c) By the External Auditor;
 - d) By any person authorised un Audit Commission Act 1998 or any superseding legislation.
- 7.5 The total of such payments in each calendar month shall be reported with all other payments as made by required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.6 Payment of staff salaries will be made monthly, usually between the 10th and the 15th of the month.

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 of time 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 effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Council as to terms and purpose.
- 8.4 All investment certificates and 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 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 The Council will review all fees and charges annually.
- 9.4 Any irrecoverable sums and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO. Receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due shall be made at least annually, coinciding with the financial year-end, or made quarterly in line with VAT requirements.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control, such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10 ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 The Parish Council does not operate a 'purchase order numbering system' but all orders for work, goods and services shall be agreed via email/letter.
- 10.2 Orders for work, goods and services shall be controlled by the RFO and no member of the Council shall place any order for work, goods or services, without the prior authorisation of the RFO.
- 10.3 All Members and Officers are responsible for obtaining value for money at all times.
- 10.4 The RFO shall verify the lawful nature of any proposed purchase,

11 CONTRACTS

11. 1 Procedures as to contracts are laid down as follows:

- (a) Every contract shall comply with these Financial Regulations, and no exceptions shall be made otherwise in an emergency provided that these regulations shall 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 the RFO shall act after consultation with the Chairman and the Vice Chairman of the Council).
 - (vi.) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £50000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk shall invite tenders from at least three suitable firms
- (c) All contracts must be agreed in writing.
- (d) When it is considered appropriate 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.
- (e) Invitations 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 state that tenders must be addressed to the Clerk to the Council. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council.
- (g) If less than three tenders are received for contracts valued above £50000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (h) Any invitation to tender issued under this regulation shall contain a statement to the effect of the Standing Orders.
- (i) When it is to enter into a contract less than £50000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall, where possible, obtain 3 quotations, and shall in any event use his/her best endeavours to obtain value for money
- (j) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

12 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

12. 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 architects or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

- 12.2 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.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and notified by the Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13 STORES AND EQUIPMENT

- 13.1 The Clerk to the Council shall be responsible for the care and custody of stores and equipment.
- 13.2 Delivery notes must be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14 PROPERTIES AND ESTATES

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with the Accounts and Audit Regulations 2015, and any subsequent amendments thereto.
- 14.2 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 does not exceed £50.

15 INSURANCE

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Clerk.
- 15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 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 the Council at the next available Meeting.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the risk exposure as determined by the Council.

16 RISK MANAGEMENT

- 16.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 16.2 When considering any new activity, the Clerk and RFO shall prepare a draft risk management

policy and shall bring a draft, addressing the legal and financial liabilities and risk management issues that arise, to the Council for consideration and, if thought appropriate, for adoption.

17 REVISION OF FINANCIAL REGULATIONS

- 17.1 It shall be the duty of the Council to review its Financial Regulations at least every 5 years. The RFO will plan to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations.
- 17.2 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 member of Council.

Produced By: Janet Richards, Clerk to the Council / Responsible Financial Officer

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