

Wolston Parish Council

Financial Procedures

Revision 1 – 6th April 2017

Re-adopted 4th May 2023



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FINANCIAL PROCEDURES

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WOLSTON PARISH COUNCIL – FINANCIAL PROCEDURES

Definitions:

Approved	Approved by full Council, or otherwise as required by these Procedures, and recorded in the Minutes
Authorised	Authorised by the person / persons noted within these procedures as having the appropriate authority for the action undertaken
Recorded	Recorded in the Minutes
RFO	Responsible Finance Officer *
WPC	Wolston Parish Council
Written	includes email

* Wolston Parish Council has appointed the Clerk to be the RFO, and within these regulations the terms RFO and Clerk are used interchangeably as appropriate.

In these Procedures 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).

These Financial Procedures, referred to as 'Revision 1', were re-adopted on 4th May 2023, (Minute 9a), and replace the previous Financial Regulations adopted by Wolston Parish Council at a meeting held on 7th May 2015 (Minute 18).

These Procedures are based on the wording of the template Financial Regulations published by NALC in 2014. The text and intent is broadly consistent with that of the NALC original with only minor changes.

WOLSTON PARISH COUNCIL – FINANCIAL PROCEDURES

1. GENERAL

- 1.1. Wolston Parish Council (the Council) is responsible in law for ensuring that its financial management is adequate and effective, and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of financial and other risk.
- 1.2. These Financial Procedures, which are consistent with and implement the draft Financial Regulations published by NALC, April 2014, govern the conduct of financial management by Wolston Parish Council and may only be amended or varied by resolution of the Council. Financial Procedures are one of Wolston Parish Council's three governing policy documents - the others being Code of Conduct and Standing Orders. They provide procedural rules and guidance for Councillors and the Clerk / RFO.
- 1.3. These Financial Procedures shall be observed, in conjunction with the other governing policy documents ^{Note 1} and any other relevant Procedures, in all financial matters especially those relating to purchasing and contracts. They shall be implemented fully and correctly and, when verified by audit, demonstrate how the Council meets these responsibilities and requirements.
- 1.4. At least once a year, prior to approving the Annual Governance Statement, the Council shall review the effectiveness of its system of internal control, including the implementation of these Procedures, which shall be in accordance with proper practices. This review may be by means of Internal Audit. The results of the review shall be reported to Council and recorded.
- 1.5. A breach of these Procedures by an employee is gross misconduct.
- 1.6. Councillors are expected to follow these Procedures and not to entice employees to breach them. Failure to follow these Procedures brings the office of Councillor into disrepute.
- 1.7. Wolston PC has appointed the Clerk to the Council as Responsible Financial Officer (RFO), which is a statutory office and these Procedures shall apply accordingly. The RFO shall:
 - a. act under the policy direction of the Council;
 - b. administer the Council's financial affairs in accordance with all Acts, Procedures and proper practices;
 - c. determine on behalf of the Council its accounting records and accounting control systems;
 - d. ensure that the accounting control systems are observed;
 - e. maintain the accounting records of the Council up to date in accordance with proper practices;
 - f. assist the Council to secure economy, efficiency and effectiveness in the use of its resources;
 - g. produce financial management information as required by the Council.
- 1.8. These Procedures are designed to ensure that the accounting records determined by the RFO are prepared in such a way as to be sufficient to show and explain the transactions of the Council, 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 ^{Note 1}.
- 1.9. These procedures include requirements to ensure that the Council records contain:
 - a. 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;

Note 1: See Procedure 1.11

Note 2: In England - Accounts and Audit (England) Regulations 2011/817

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- b. a record of the physical and financial assets and liabilities of the Council;
 - c. a record of the Council's income and expenditure in relation to claims or requests made, or likely to be made, for any contribution, grant or subsidy.
- 1.10. These procedures include requirements to:
- a. ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - b. enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - c. identify the duties of officers dealing with financial transactions (if any) and division of responsibilities of those officers in relation to significant transactions;
 - d. 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 for write off are shown in the accounting records, together with the relevant Minute number;
 - e. ensure that financial and other risk is properly managed.
- 1.11. The Council is not empowered to delegate certain specified decisions. In particular any decision regarding the following shall be a matter for the full Council only:
- a. setting the final budget;
 - b. agreeing the precept;
 - c. approving accounting statements;
 - d. approving an annual governance statement;
 - e. borrowing;
 - f. writing off bad debts;
 - g. declaring eligibility for the General Power of Competence;
 - h. addressing recommendations in any report from the internal or external auditors.
- 1.12. These procedures require that the Council shall:
- a. determine, and keep under regular review, the bank mandate for all Council bank accounts;
 - b. approve, before financial commitment, any contribution, grant or subsidy;
 - c. approve, before financial commitment, any single commitment in excess of £5,000;
- 1.13. These Financial Procedures and related financial records were determined by the RFO in accordance with the Accounts and Audit Regulations. References in these Procedures to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

Comment [RG1]: Do we need to review this figure of £5000 ? This seems very high for a PC before approval of the Council is required and maybe a figure of £1000 would be more appropriate ?

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1. At least once in every financial quarter, including at each financial year end, the RFO shall reconcile all bank accounts with the Council's own internal financial records. A Councillor, other than the Chairman, shall be appointed by the Council to verify these reconciliations. The Councillor shall print his/her name and sign and date the reconciliation sheets and the original bank statements or similar documents. Where accounts are recorded electronically copies of the relevant sheets from the workbook shall be printed and signed as evidence of verification. This reconciliation shall take place in the month subsequent to the end of the financial quarter in order to ensure that all bank statements are up to date, and shall on conclusion be reported to the Council at the next meeting, including any exceptions, and recorded in the Minutes, including details of any exceptions.

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- 2.2. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as reasonably practicable after the end of the financial year and, having certified the accounts, shall submit them to the Internal Auditor and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.3. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records and of its system of internal control, in accordance with proper practices. This shall normally but not necessarily be undertaken, in the first instance and for the purposes of this requirement, by the internal auditor. The RFO and any Councillor shall make available such documents and records as appear to the persons undertaking the audit to be necessary for the purpose of the audit and shall supply the RFO, internal auditor, or external auditor with such information and explanation as may be requested.
- 2.4. The internal auditor shall be appointed by the Council and shall carry out the work in relation to internal controls required by proper practices.
- 2.5. The RFO shall ensure that the internal auditor:
- a. is competent and independent of the financial operations of the Council;
 - b. reports to Council on a regular basis, with a minimum of one written report during each financial year;
 - c. demonstrates competence, objectivity and independence, and is free from any actual or perceived conflicts of interest, including those arising from family relationships;
 - d. has no involvement in the financial decision making, management or control of the Council.
- 2.6. The RFO shall ensure that the Internal or external auditors shall not under any circumstances:
- a. perform any operational duties for the Council;
 - b. initiate or approve accounting transactions;
 - c. direct the activities of any Councillor or Council employee, except to the extent that such employees have been appropriately assigned by the Council to assist the internal auditor.
- 2.7. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.8. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts, including the opportunity for electors to inspect the accounts, books, and vouchers and display or publish (both physically and online) any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.9. The RFO shall, within five working days, bring to the attention of all Councillors any discrepancies noted within the financial accounting systems, other than those that may be under investigation by an auditor.
- 2.10. The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1. The Council, with support from the RFO, shall undertake an initial **three year forecast of receipts and payments** and thereafter review this annually prior to determining the budget for the following year.
- 3.2. The three year forecast shall be used as the basis to formulate and submit budget proposals for the following financial year not later than the end of November each year, including any proposals for revising the previous three year forecast.
- 3.3. The RFO, with support from the Council, shall each year by no later than the end of December, prepare estimates of all receipts and payments, including the proposed use of reserves and all sources of funding, for the following financial year. This is to be in the form of a detailed budget to be considered by the Council.

Comment [RG2]: We haven't yet done this for 2017 - 2019.

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- 3.4. The Council shall consider the annual budget proposals of the RFO in relation to the Council's three year forecast of receipts and payments, including recommendations for the use of reserves and sources of funding and update the three year forecast and annual budget accordingly.
- 3.5. The Council shall agree a budget and the amount of precept for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to Rugby Borough Council (RBC) in a timely manner in accordance with RBC requirements and shall supply each Councillor with a copy of the approved annual budget.
- 3.6. The approved annual budget shall form the basis of the Council's financial control for the ensuing financial year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. a) Expenditure for capital and non-capital ^[See Note 1] items may be authorised up to the amounts included in the relevant budget group heading. This authority is to be determined, prior to commitment to expenditure, by:
 - 1) for any items below £500: where the proposal for expenditure is for work or materials in relation to the day to day operation and activities of the Parish Council - the Clerk / RFO;
 - 2) for any items below £500: where the proposal for expenditure is for work or materials in relation to activities undertaken by a formally appointed Working Group of the Parish Council, and where the proposal is supported in writing by both the Chair and the Finance person of the Working Group – the Clerk/RFO, supported by written agreement from two or more Councillors;
 - 3) for any items greater than £500 and below £1000: the Clerk/RFO, supported written agreement from a quorate of Councillors;
 - 4) for all items over £1,000: the full Council, following publication in the Agenda.
- b) In relation to the requirements relating commitment to expenditure noted at 4.1.a the following apply:
 - 1) Authorisation for expenditure for items at 4.1.a 2 - 4 shall be evidenced by supporting documents / emails, printed out and countersigned by the Clerk and relevant Councillors at the next meeting of the Council, and shall be evidenced by a Minute;
 - 2) Note that all proposals for expenditure greater than £250 require quotations and /or estimates – Para 11.1.h refers;
 - 3) All authorities for expenditure are to be recorded in the Order Book (See Procedure 10). Contracts shall not be disaggregated to avoid controls imposed by these Procedures.
- 4.2. No expenditure may be authorised that will exceed the amount provided in the relevant budget group heading for that class of expenditure, other than by approval of the Council. If the Council approves expenditure which would be in excess of the relevant budget group it shall identify how that excess expenditure shall be funded.
- 4.3. During the financial year, and with the approval of Council having considered fully the implications for the duties and responsibilities of the Council for public and other services, amounts for non-capital items that are both unspent and available may be moved to other budget group headings, or to an earmarked reserve, as appropriate.
- 4.4. Unspent provisions in the budgets for completed projects classed as capital items shall not be carried forward to a subsequent year.
- 4.5. In circumstances where, in the judgement of the Clerk, it is necessary to undertake urgent work to safeguard provision of Council services or public safety, the Clerk may authorise expenditure on behalf of the Council. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall

Comment [RG3]: £1000 (see comment RG1)

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report (email is considered an appropriate method of reporting) such action to the Chairman as soon as possible and to the Council as soon as reasonably practicable thereafter.

- 4.6. Expenditure shall not be authorised in relation to any capital expenditure, and no contract entered into or tender accepted involving capital expenditure, unless the Council has obtained estimates and is satisfied that the necessary funds are available and this has been recorded in the Minutes. The funds may be within the approved capital budget or reserves and, if appropriate, the requisite borrowing approval has been obtained.
- 4.7. All capital expenditure shall be administered in accordance with the Council's Standing Orders and Financial Procedures relating to contracts. We don't have these as separate procedures.
- 4.8. The RFO shall, at each meeting of the Council, provide the Council with an itemised statement of receipts and payments since the last meeting.
- 4.9. At the first meeting of the Council following the end of each financial quarter the RFO shall provide the Council with a summary of income and expenditure on a 'financial year to date' basis, broken down to at least each budget group heading and preferably on a fully itemised basis. These statements shall compare actual income and expenditure with that approved in the budget and shall show explanations of material variances. For this purpose a 'material variance' shall be in excess of £100 or 15% of the relevant budget group heading.
- 4.10. All changes in reserves, whether ring fenced or not, shall be approved by Council prior to the change as part of the budgetary control process.

Comment [RG4]: We need to check that we have suitable controls elsewhere, otherwise we need to include authorities for capital expenditure in these procedures.

Comment [RG5]:

Note 3: At 4.1 the draft 'Financial Regulations' refer to 'revenue items' which I have interpreted here as 'non-capital' items as Wolston PC does not have a revenue account.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1. The Council's banking arrangements and any bank mandates, including any changes to the banking arrangements and bank mandates, shall be made by the RFO and approved by the Council. Banking arrangements, which shall not be delegated to a committee, shall be regularly reviewed by the Council and the internal auditors, for safety and efficiency.
- 5.2. The RFO shall establish a register of the details of all suppliers, which shall include the name, invoice address and bank account details and may include any other details which the RFO considers relevant; this register shall be Approved by the Council. All changes to supplier bank account details shall be notified to the RFO in writing, and any changes in the recorded details of the suppliers bank account details shall be approved in writing by a two Councillors.
- 5.3. For all invoices due for payment the RFO shall,;
- a) examine, check the arithmetical accuracy and certify invoices to confirm that the work, goods or services to which each invoice relates has been received and properly carried out;
 - b) represents expenditure previously approved in accordance with these Procedures;
 - c) allocate the invoice amount to the appropriate budget classification in the finance workbook;
 - d) take all reasonable steps to pay all invoices submitted as soon as possible or at the next Council Meeting, having verified that the invoices are eligible for payment within these Procedures,
 - e) with respect to personal expenses, verify that the expense claim form is fully supported by receipts for all amounts claimed, contains the disclaimer "These expenses were incurred wholly, exclusively and necessarily on behalf of Wolston Parish Council" and carries the date and both the printed name and signature of the claimant.
- 5.4. The RFO shall prepare an itemised schedule of all payments and receipts since the last meeting of the Council, which shall be an Agenda item for the Meeting. This schedule, together with the relevant supporting documents, shall be presented to the Council. The Council shall review the schedule for compliance and, having satisfied itself, shall endorse the payments and receipts by a resolution of the Council. The schedule, having been endorsed by the Council, shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments made and receipts

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shall be disclosed within or as an attachment to the Minutes of the meeting at which the payments and receipts were endorsed.

- 5.5. The RFO shall prepare an itemised schedule of invoices which require authorising by Council before payment, which shall be an Agenda item for the Meeting. This schedule, together with the relevant supporting documents, shall be presented to the Council. The Council shall review the schedule of invoices for compliance and, having satisfied itself, shall Authorise the invoices for payment by a resolution of the Council. A detailed list of all invoices Authorised for payment by the Council shall be disclosed within or as an attachment to the Minutes of the meeting at which payment was endorsed.
- 5.6. The RFO shall have delegated authority to authorise and arrange the payment of all invoices, continuing contracts and obligations, provided that:
- a) the invoice has been endorsed for 'Goods Received', and there is no dispute or other reason to delay payment;
 - b) a list of all payments made under this delegated authority shall be submitted to the next appropriate meeting of Council;
 - c) 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 / 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;
 - d) an expenditure item authorised under 5.8 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Council;
 - e) fund transfers between the Council's Bank 'Community Account' and Bank 'Business Account' up to the sum of £10,000, provided that transfers into or out of reserves are not made without the prior Approval of the Council.
 - f) all payments and fund transfers authorised and made by the RFO shall be submitted to the next appropriate meeting of Council for endorsement.
- 5.7. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised or anonymised to remove public access to any personal information.
- 5.8. For each financial year the RFO shall draw up a list of payments which may arise on a regular basis as the result of a continuing contract or obligation, for which the Council may pre-authorise payments for the financial year provided that the expenditure authority requirements of Procedures 4.1 and 4.2 are adhered to. These payments may include statutory duty or obligation, such as but not exclusively: salaries, PAYE and NI, Superannuation Fund, utilities, regular maintenance contracts and the like.
- 5.9. Any contribution, grant, subsidy or float, of any value or for whatever purpose, shall be approved by the Council.
- 5.10. Councillors are subject to the Code of Conduct and Standing Orders that have been adopted by the Council and shall comply with them at all times, especially 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 and recorded.
- 5.11. The Council should aim to rotate the duties of members in these Procedures so that potentially onerous duties are shared out as evenly as possible over time

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

Note to Section 6: The Council does not currently use, nor foresee the use of, internet banking. If this situation changes relevant procedures to govern these processes will be developed, adopted and implemented.

- 6.1. The Council shall make safe, efficient and timely arrangements for the making of its payments.
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- 6.2. The RFO shall not give an instruction that a payment be made until it has been authorised in accordance with Procedure 5.
- 6.3. All payments shall be effected by cheque or other written instructions to the Council's bankers or, at the discretion of the Clerk, by the Parish Council Debit or Credit Card, or otherwise only in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account, in settlement of invoices properly authorised for payment in accordance with these regulations, shall be signed by two Councillors who are authorised bank signatories, in accordance with the requirements of these procedures.
- 6.5. Any Councillor who is also a bank signatory and has declared a disclosable pecuniary interest, or has any other interest in the matter in respect of which the payment is being made, shall not be a signatory to the transaction in question.
- 6.6. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice and / or supporting documentation, both cheque signatories shall each also initial the cheque counterfoil.
- 6.7. Cheques or orders for payment shall be presented to Councillors for signature at the discretion of the RFO. Any signatures obtained away from Council meetings shall be reported to the Council at the next convenient meeting.
- 6.8. If approved by the Council, payment for utility supplies such as energy, telephony, gas and water and any other similar regularly recurring payment may be made by variable Direct Debit provided that the instructions are signed by two members who are authorised bank signatories and any payments are reported to Council as made, at the first meeting following receipt of the bank statement itemising the payment. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.
- 6.9. If approved 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 Councillors who are authorised bank signatories and 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.
- 6.10. If approved 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 Councillors who are authorised bank signatories and 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.
- 6.11. All computers used to store the Council's records shall be access protected by personal identification number (PIN) and/or a password(s). A note shall be made of the PIN and/or passwords and placed in a sealed envelope which is both dated and identifies the computer. This envelope shall be handed to and retained by the Chairman of Council. This envelope shall 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 for the computer shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all Councillors immediately (email is considered an appropriate method for notification) 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.
- 6.12. No Councillor or employee shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not approved in writing by the Council to hold that information.
- 6.13. Back-up copies of all records on any computer relevant to the working of the Council or its bank accounts, shall be made every month and shall be stored securely away from the computer in question, and preferably off site.
- 6.14. The RFO shall ensure that any computer used by or on behalf of the Council for the Council's financial business has anti-virus, anti-spyware and a firewall installed, with automatic updates, and that a high level of security is used.

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- 6.15. Any Credit or Debit Card issued for use shall be specifically restricted to the Clerk RFO and shall also be restricted to a single transaction maximum value of £1000 unless approved by Council in writing before any order is placed.
- 6.16. Any corporate credit or trade account opened by the Council shall, unless otherwise approved by the council, be specifically restricted to use by the Clerk and shall be subject to automatic payment in full at each month-end.
- 6.17. The Council shall not maintain any form of petty cash float. All cash received must be banked intact. Any payments made in cash by the Clerk or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least monthly, through the Council's system for payment of expenses.

Note: A separate procedure, which shall form part of these financial procedures, shall be developed and implemented to cover the authorisation and payment of expenses incurred by employees and councillors on behalf of the council.

Comment [RG6]: This is still outstanding

7. PAYMENT OF SALARIES

- 7.1. The RFO, on behalf of the Council as the employer, shall make arrangements to meet fully 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 approved by Council.
- 7.2. 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 shall only be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts. Each payment shall be reported to the next available Council meeting, which may be anonymised, as set out in these Financial Procedures above.
- 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. Each and 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, which may be paper or electronic. This confidential record shall not be 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; or
 - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The RFO shall ensure that the total of such payments in each calendar month are reported with all other payments as made as may be required under these Financial Procedures, to ensure that only payments due for the period have actually been paid.
- 7.6. The Council, through its HR Working Group, shall ensure that an effective system of personal performance management is maintained for the Clerk/RFO and other employees.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be approved by Council, which may be anonymised in the Minutes.
- 7.8. Before employing interim staff the Clerk shall prepare and ensure that the Council consider a full business case.

8. LOANS AND INVESTMENTS

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- 8.1. Any and all borrowings shall be effected in the name of the Council, which shall be approved by Council as to terms and purpose. The application for Borrowing Approval, and subsequent arrangements for the Loan, shall only be approved by full Council.
- 8.2. Any financial arrangement which does not require formal Borrowing Approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. The RFO, on behalf of the Council, shall arrange with the Council's Banks and Investment providers for the sending of a copy of each statement of a loan or investment account to the Chairman of the Council at the same time as one is issued to the Clerk or RFO.
- 8.4. 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.
- 8.5. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 8.6. All investments of money under the control of the Council shall be in the name of the Council
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO, with copies held by the Chairman.
- 8.8. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Financial Regulation 5 (Authorisation of payments) and Financial Regulation 6 (Instructions for payments) and Financial Procedure 5.

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 and notified to the RFO, who shall be responsible for the collection of all accounts due to the Council.
 - 9.3. The Council will review all fees and charges at least annually, following a report of the Clerk.
 - 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
 - 9.5. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary, normally within five working days.
 - 9.6. The origin of each receipt shall be entered on the paying-in slip, and / or into the financial workbook.
 - 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 in accordance with VAT Act 1994 section 33 shall be made quarterly annually coinciding with the financial year end.
 - 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.
 - 9.10. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) shall be given by the Managing Trustees of the charity meeting separately from any Council meeting (see also Regulation 16 below).
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10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. The RFO shall establish, maintain and control an Order Book, which may be in electronic or paper format.
- 10.2. The Order Book shall:
- a) allocate an Order Number to each purchase by the Council;
 - b) identify the supplier;
 - c) specify the purpose of the goods or services ordered;
 - d) specify the gross value of the order;
 - e) identify the purchase authority/authorities as required by Procedure 4.1.
- 10.3. An official order, letter or email shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be endorsed with the Council Order Number for verification against the Order Book and shall be retained for a minimum of six years.
- 10.4. The Council is responsible for ensuring that the best value for money is obtained at all times. When issuing an official order the RFO shall ensure, as far as reasonably practicable, that the best available terms are obtained in respect of each transaction. For items which are not available from an established supplier with a history of providing value for money the best available terms are normally gained when multiple quotations or estimates, against similar specifications, are obtained from suitable suppliers, subject to any *de minimis* provisions in Regulation 11 (I) below.
- 10.5. A Councillor shall not issue an official order or make or modify any contract on behalf of the Council without the prior written authorisation of the RFO or the Council.
- 10.6. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order. In the case of new, infrequent or unusual purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

Comment [RG7]: Have we implemented this yet ?

11. CONTRACTS Note that the values specified in Reg 11 shall not be varied

- 11.1. Procedures as to contracts:
- a. Every contract shall comply with these financial procedures and no exceptions shall be made, otherwise than in an emergency. This procedure 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.

- b. Where it is intended to enter into a contract exceeding £10,000 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 prepare a specification for the goods or services required and invite tenders from at least three firms.
- c. 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.
- d. Such invitation to tender for a contract referred to at Para 11.1.b 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 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.
- e. 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 Council.
- f. If less than three tenders are received for contracts above £10,000 or if all the tenders are identical the Council may make such arrangements as is thought fit for procuring the goods or materials or executing the works.
- g. Any invitation to tender issued under this procedure shall be subject to Standing Order 17 shall refer to the terms of the Bribery Act 2010.
- h. When it is to enter into a contract of less than £10,000 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 obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £250 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Procedure 10 (3) above shall apply.
- i. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, and the work is not allocated and the Council requires further pricing then, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.
- k. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

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 architect 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 which exceeds the value referred to at Paragraph 11.1.b 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.

13. STORES AND EQUIPMENT

WOLSTON PARISH COUNCIL – FINANCIAL PROCEDURES

- 13.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2. Delivery Notes shall 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. ASSETS, PROPERTIES AND ESTATES

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held 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 Accounts and Audit Regulations.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, 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 £500.
- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. Subject only to the limit set in Procedure 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council with a full business case.
- 14.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.
- 14.7. An inspection of assets to verify their condition and suitability, especially from a health and safety perspective, shall be carried out at least annually. It is recommended that this inspection is carried out at the same time as the verification required at Procedure 14.6.

15. INSURANCE

- 15.1. Following the annual risk assessment required by Financial Regulation 17, the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3. 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.
- 15.4. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Council, or duly delegated committee.

16. CHARITIES

WOLSTON PARISH COUNCIL – FINANCIAL PROCEDURES

- 16.1. Where the Council is sole managing trustee of a charitable body the Clerk / RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. **RISK MANAGEMENT**

- 17.1. 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.
- 17.2. When considering any new activity, the Clerk shall prepare a draft Risk Assessment including risk management proposals after having taken special advice, if necessary. The proposals will be considered and, if agreed, adopted by the Council.

18. **SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 18.1. It shall be the duty of the Council to review the Financial Regulations and Procedures of the Council from time to time. 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 and Procedures.
- 18.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations or Procedures, provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented, in advance of the resolution, to all members of Council.

This note is for discussion purposes only, and does not form part of the Financial Procedures.

Note 1: 'Capital Items', 'Capital Works' and 'Assets'. Procedure 4 refers.

Wolston PC does not currently have a definition for any of these. This may be important because the new Financial Regulations require different processes to be applied for approving Capital, non-Capital and Revenue expenditure. This occurs because the new Financial Regulations were clearly written for much larger councils that maintain separate Capital, Expense and Revenue accounts and budgets and as such the new regulations do not transfer kindly to small councils.

Normally I would suggest that any items that have a value (either financial or intrinsic) sufficient to be on our Asset Register should be paid for by Capital expenditure, and that any works as a result of repair or maintenance or purchase of consumables should be Expense. So for example recent cleaning and repair work to the war memorial to return the memorial to its previously undamaged state would be Expense, but extra work to provide a new entrance path would be Capital, because this new work increases the asset value of the memorial. Capital expenditure would also used to purchase some relatively cheap items such as a laptop PC, printers, lawn mowers, etc., which all become Assets with a book value, whereas others e.g. PPE will not have a long term value as they are effectively consumables and are classed as Expense.

However this is the normal business interpretation of how to treat Capital and Expense, which may be different from the way that local government require. I have checked in AB and there is very little guidance on this, and all references to Capital come back to the principle of obtaining money for work which the council is unable or unwilling to pay for out of the income stream. I have thus simplified the procedures to ignore Revenue accounting and look simply only at approvals for Capital and Expense expenditure.

Note 2: Use of personal credit or debit cards for purchases on behalf of the PC

The new Financial regulations prohibit this, on the basis of potential tax liabilities on personal expenses. However AB is quite clear that provided that the expense claim is simply to reimburse expenditure and there is no remuneration element then this is not taxable and, where properly authorised, may be paid. If this is so my view is that it matters little whether we pay by cash or card, so for now I have removed the prohibition on card payments to be later reclaimed as expenses.

Note 3: Personal expenses

The new regulations do not make any reference to procedures for handling personal expenses, on the basis that it will not be necessary – see note 2 above. For accounting purposes I have thus treated personal expenses in the same way as normal financial commitment and approvals.

Note 4: Internet Banking

The new regulations assume the use of internet banking. Wolston PC do not use, nor does it envisage the use of internet banking in the short to medium term. I have thus removed all procedural requirements relating to internet banking and replaced them with a note that if the PC does adopt this method of banking then the procedures will need to be updated to include adequate provision to cover this.

Bob G
14th March 2017

AB = 'Arnold-Baker on 'Local Council Administration', 10th Edition.