FINANCIAL REGULATIONS
FOR
WALKERN PARISH COUNCIL

MAY 2024

1. General

1.1 These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.

1.2 Councillors are expected to follow these regulations and not to Entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.

1.3 Willful breech of these regulations by an employee may result in
Disciplinary proceedings.

1.4 In these Financial Regulations:

- Accounts and Audit Regulations means the regulations issued under Sections 32,43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
- 'Approve' refers to an online action, allowing an electronic transaction to take place.
- 'Authorise' refers to a decision by the council, or a committee or an officer, to allow something to happen.
- 'Proper practices' means those set out in The Practitioner' Guide.
- 'Practitioners' Guide refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Council in Wales – A Practitioners' Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
  'Must' and **bold text** refers to a statutory obligation the Council cannot change.
  'Shall' refers to a non-statutory instruction by the council to its members and staff.

1.5 The Responsible Financial Officer (RFO) holds a statutory Office, appointed by its council. The RFO:

. acts under the policy directions 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 control systems.

. ensures the accounting control systems are observed.

. ensures the accounting records are kept up to date.

. seeks economy, efficiency, and effectiveness in the use of council resources and;

. produces financial management information as required by the council.

1.6 **The Council must not delegate any decisions regarding**

. Setting the financial budget or the precept (council tax requirement)

. the outcome of a review of the effectiveness of its Internal controls.

. approving an annual governance statement.

. borrowing;

. declaring eligibility for the General Power of Competence, and

. addressing recommendations from the internal or external auditors.

1.6 In addition, the council shall:

. determine and regularly review the bank mandate for all council bank accounts.

. authorise any grant or single commitment in excess of £2,000 and

2. Risk Management and internal control.

2.1 The council must ensure that it has a sound system of Internal control, which delivers effective financial, Operational and risk management.

2.2 The council shall prepare, for approval a risk management policy covering all activities of the council. This policy and

consequential risk management arrangements shall be reviewed by the council annually.

2.3 When considering any new activity, council shall prepare a draft risk assessment including risk management proposals for consideration by the full council.

2.4 At least once a year, the council must review the Effectiveness of its system of internal control, before Approving the Annual Governance Statement.

2.5 The accounting control systems determined by the RFO must include measures to:

. ensure that risk is appropriately managed.
. ensure the prompt, accurate recording of financial transactions.
. prevent and detect inaccuracy or fraud, and
. allow the reconstitution of any lost records,
. identify the duties of officers dealing with transactions and
. ensure division of responsibilities.

2.6 At each meeting and at the end of a financial year council will verify bank reconciliations produced by the RFO.

2.7 Regular back-up copies shall be made of the records on any Council computer and stored either online or in a separate location from the computer.
Measures should be put in place to access this computer so that information is not lost should an employee leaves or is Incapacitated for any reason.

3. Accounts and audit

3.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

3.2 The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable accuracy

at any time. In particular, they must contain:

. day -to-day entries of all sums of money received and expended by the council and the matters to which they relate;
. a record of the assets and liabilities of the council;

3.3 The accounting records shall be designed to facilitate the Preparation of the accounting statements in the Annual (Governance and Accountability) Return.

3.4 The RFO shall complete and certify the Annual Accounting Statements of the council contained in the Annual (Governance and Accountability) Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.

3.5 The council must ensure that there is an adequate and Effective system of internal audit of its accounting records and internal control system in accordance with proper practices.

3.6 Any Officer or member of the council must make available such documents and records as the internal or external auditor consider necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary.

3.7 The internal auditor shall be appointed by the council and shall carry out their work to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.

3.8 The council shall ensure that the internal auditor:
. is competent and independent of the financial operations of the council;

- reports to the RFO with a minimum of one written report during each financial year;
- can demonstrate competence, objectivity and independence free from any actual or perceived conflicts of interest, Including those arising from family relationships;
- has no involvement in the management or control of the Council.

3.9 Internal or external auditors may not under any circumstances

- perform any operational duties for the council;
- initiate or approve accounting transactions;
- provide financial, legal, or other advice including in relation to any future 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.

3.10 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in 'The Practitioners Guide.'

3.11 The RFO/Clerk shall make arrangements for the exercise of electors' rights in relation to the accounts, including the opportunity to inspect the accounts and books. To display or publish any notices and documents required by the Local Audit and Accountability Act 2014, or any superseding Legislation, and the Accounts and Audit Regulations.

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

4. Budget and precept

4.1 Before setting a precept, the council must calculate its requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.

4.2 Budgets for wages and employer contributions shall be Reviewed by the council annually for the following year and The final version shall be evidenced by a hard copy schedule signed by the Clerk and Chair. The RFO will inform the council of any salary implications before they consider their draft budget.

4.3 Each year the RFO shall prepare a draft budget with detailed estimates of all expenditure, income, and receipts for the following financial year, taking into account of the lifespan of assets and cost implications of repair or replacement.

4.4 Unspent budgets or partially completed projects may be carried forward with councils' approval and be earmarked specifically for that project.

4.5 Having considered the proposed budget, the council shall determine its required budget. The council shall set a precept for this amount no later than January for the ensuing financial This amount no later than January for the ensuing financial year.

4.6 Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must disclose at the start of the meeting that Section 106 applies to them.

4.7 The RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed budget.

4.8 The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.

4.9 Any addition to, or withdrawal from any earmarked reserve shall be agreed by the council.

5. Procurement

5.1 Members and officers are responsible for obtaining value for money at all times.
Any officer procuring goods, services or works should ensure as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.

5.2 For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, aware and notification of that contract.

5.3 For contract estimated to be over £30,000 including VAT, The council must comply with any requirement of the 'Legislation ' regarding the advertising of contract opportunities and the publication of notices about the award of contracts.

5.4 For small purchases, the Clerk/Councillor shall seek to achieve value for money.

5.5 Contract must not be split into smaller lots to try to avoid compliance with these rules.

5.6 The requirement to obtain competitive prices in these Regulations need not apply to contracts that relate to Items (i) to (iv) below:

i specialist services, such as legal professionals acting In dispute.

ii repairs to, or parts for, existing machinery or equipment

iii works, goods or services that constitute an extension of an existing contract.

iv goods or services that are only available from one supplier.

or are sold at a fixed price.

5.7 The council shall not be obliged to accept the lowest or any tender, quote or estimate.

5.8 Individual purchases within an agreed budget for that type of expenditure, may be authorised by the following:

Full council if for grants or large expenditure over £2,000

The Clerk under delegated authority below £200 excluding VAT along with the approval of the Chair.

Such authorisation must be supported by a minute and other auditable evidence trail.

In case of serious risk to the delivery of council services or to Public safety. The Clerk shall report a situation to the Chair as soon as possible and a council decision made as soon as practicable to rectify the situation and agree the cost.

Copies of orders and invoices to be retained in receipt of all goods.

The RFO will see a copy of all invoices and receipts on monthly basis.

6. Banking & Payments

6.1 The council's banking arrangements, including the bank mandate(s) are to be set up by the Clerk with full knowledge of all councillors and the RFO.
2024 The bank used is Barclays, but it will change to an internet bank for stated accounts. The arrangements will be reviewed annually unless there is reason to review before for security and efficiency.

6.2 To avoid fraud or error the council will have no less than two councillors including the clerk and RFO to be able to sign on each and every account.

6.3 The RFO will check each month that the cheque book and any online transactions match to invoices/receipts and notify the council if any discrepancy.

6.4 Personal payments including salaries, wages, expenses and any payment made in relation to the termination of employment may be summerised to avoid disclosing any personal information.

6.5 Each financial year a list of regular payments can be drawn up due in relation to continuing contract e.g., website or obligation.

e.g., water bill. This also includes national insurance, regular maintenance contract.

6.5 A copy of this schedule of regular payments shall be assigned by two members of the council on each and every occasion when a payment is made.

6.6 The schedule shall be authorised by the council at a meeting once it is agreed. Chair to initial this agreement.

7. Electronic Payments

7.1 The RFO shall be appointed as the Service Administrator where Internet banking arrangements are made.
Transaction on these accounts require a minimum of two people to be an authorised signatory.

7.2 All authorised signatories shall have access to view the

7.3 No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised In writing by the council.

7.4 The Service Administrator shall set up all items due for Payment online. A list of payments for approval, together with copies of the relevant invoices shall be sent to two authorised signatories.

7.5 Two councillors who are authorize signatories shall check the payment details against the invoices before approving each payment using the online banking system.

7.6 For audit purposes evidence is required for any online Payments and authorization.

7.7 As with cheque payments each month a list of payments is to be given to the RFO and shall be minuted at the meeting.

7.8 Direct Debits may be set up providing it is agreed by councillors and minuted. This will be reviewed every two years.

7.9 The payment by BACS and CHAPS will be agreed by councillors At a meeting and paid by two signatories with evidence being retained and any payments reported to the RFO who in turn each month will report to the council at a meeting. This will be reviewed every two years.

7.10 If thought appropriate by the council, regular payments of fixed sums may be made providing that the instructions are signed or approved online by two members. Evidence of this is to be retained and any payments are reported to the council when made. This method will be reviewed every two years.

7.11 Account details for supplies may be changed upon written notification and on approval by councillors. This is a area for fraud and the individuals involved should ensure that any change is genuine.

7.12 Members of the council and RFO should ensure that any Computer or laptop used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.

this also needs to be checked by the website manager that the council use.

7.13 Remembered password facilities should not be used on any computer used for council banking.

8. Cheque payments

8.1 Cheque or orders for payment should be signed by two members who are authorized on the bank mandate.

8.2 The counterfoil is to be written on giving information for each cheque and a copy of the invoice notify cheque number and date.

9. Payments cards

9.1 Any debit card used should be restricted to the Clerk and RFO.

9.2 Any corporate card or trade card will be limited to the use of the Clerk and the RFO. Any balance will be paid in full each month.

9.3 Personal credit and debit card of councilors or staff shall not be used unless special agreed circumstances require this.

10 Payment of salaries and allowances

10.1 As an employer, the council must make arrangement to comply with the statutory requirements of PAYE legislation.

10.2 Councilors allowance (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payments.

10.3 Salary rates shall be agreed by the council. No changes shall be made to an employee's gross pay, or terms and conditions of employment without the prior consent of the council.

10.4 Payment of salaries shall be made, after deduction of tax,

National insurance and any other statutory deductions on the date stipulated to the employee.

10.5 Deductions from salary shall be paid to the relevant bodies within the required timescales. Each payment is to be reported to the council at a meeting. This will be noted in the monthly transaction sheet given by the RFO to the council.

10.6 Any Termination payments shall be supported by a report to the council setting out a clear case. Termination payments shall only be authorized by all councilors.

11. Loans and investment

11.1 Any application for a Government approval to borrow money must be authorised by a full council.

11.2 All investment of money under the control of the council shall be in the name of the Walkern Parish Council.

11.3 Payments in respect of short term or long-term investments, Including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

12. Income

12.1 The collection of all sums due to the council shall be the responsibility of the council and reported monthly to the RFO.

12.2 The council will review all fees and charges for work done, services provided, annually as part of the budget-setting process, following a report by the RFO.

12.3 The RFO will ensure that VAT is correctly recorded in the Council's accounting software and that any VAT Return required is submitted by the due date OR repayment claim under section 33 of the VAT Act 1994 shall be made at least annually.

12.4 Any income that is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of any funds due from the charitable trust to the council must be made at a full council meeting explaining why.

13. Assets, properties, and estates

13.1 The council shall make arrangements for the safe custody of all Title deeds and Land Registry Certificate of properties held by the council.

13.2 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a Record of all properties held by the council, their location, extent, plan, reference, purchase details if known, rents payable and purpose for which held, in accordance with Accounts and Audit Regulations.

13.3 The continued existence of tangible assets shown in the Register shall be verified annually, possibly in conjunction with a health and safety inspection of assets.

13.4 No interest in land 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. In each case a written report 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 where required by law.
No tangible moveable property shall be purchase or otherwise acquired, sold, leased, or otherwise disposed of, without the authority of the council, together with any other consents required by law, except where the estimated value of one item does not exceed £500. In each case a written report shall be provided to council with a full business case.

14. Insurance

14.1 The Clerk shall inform the council and RFO of all insurances effected by the council and the property and risks covered, including dates for renewal, reviewing these annually before the renewal date in conjunction with the council's review of risk management.

14.2 The council will need to be aware of any new risks which will be Required to be insured or alterations affecting existing insurances. The RFO needs to be informed of these.

14.3 The RFO/Clerk will need to report to the insurance company any claims required after informing the full council at a meeting, so it can be minuted.

14.4 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.

15. Charities

15.1 Where the council is sole managing trustee of a charitable body there will be separate accounts kept for 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 a determined by the Charity Commission. The Clerk/RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

16. Suspension and revisions of Financial Regulations

16.1 The council will review these Financial Regulations annually, Or following any changes of Clerk or RFO. Changes in legislation or proper practices and the council needs to be advised or any amendments necessary, by the Clerk/RFO.

16.2 The council may, by resolution suspend any part of these Financial Regulations, provided that reasons for the suspension are recorded at a meeting and all risks associated with the suspension have been discussed amongst members. Suspension does not apply to any legislation or permits the council to act unlawfully.

16.3 The council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.