# **WARCOP PARISH COUNCIL FINANCIAL REGULATIONS**

May 2024

## **General**

* 1. These financial regulations govern the conduct of financial management by Warcop Parish Council and may only be amended or varied by resolution of the Council. Financial regulations provide procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Council’s standing orders and any individual financial regulations relating to contracts.

1.2 The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Clerk has been appointed as RFO for Warcop Parish Council and these regulations apply accordingly.

1.3 The RFO:

* acts under the policy direction of the Council;
* administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
* determines on behalf of the Council its accounting records and accounting control systems;
* ensures the accounting control systems are observed;
* maintains the accounting records of the Council up to date in accordance with proper practices;
* assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
* produces financial management information as required by the Council.

1.4 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.

1.5 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.

1.6 The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

* setting the final budget or the precept (Council tax requirement);
* approving accounting statements;
* approving an annual governance statement;
* borrowing;
* writing off bad debts;
* declaring eligibility for the General Power of Competence; and
* addressing recommendations in any report from the internal or external auditors.

1.7 In these financial regulations, references 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.

In these financial regulations the term ‘proper practice’ or ‘proper practices’ shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners’ Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

## **2. Accounting and Audit**

2.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

2.2 On a regular basis, at least once in each quarter, and at each financial year end, the RFO will prepare the YTD bank reconciliations (for all accounts) and present to the Chairman for checking. The checked bank reconciliation will be taken at the next ordinary meeting of the Parish Council and duly signed by the Chairman on approval.

2.3 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 practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.

2.4 The RFO shall make arrangements for the exercise of electors’ rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

2.5 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 RFO or Chairman must prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Council in support of the Precept determination (typically for the January meeting of the Council). The aforesaid budget should include a 3-5 year ‘look ahead’ to identify any items of significant expenditure (e.g. asset replacement) which may warrant earlier adjustment to the reserve to ensure sufficient funds are available at the future time.

3.2 The Council shall fix the precept (Council tax requirement), and relevant basic amount of Council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept amount to the billing authority and shall supply each member with a copy of the approved annual budget.

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

## **4. Budgetary Control and Authority to Spend**

4.1 The normal route for prior approval of spend from the Warcop Parish Council funds will be through discussion and vote at the Parish Council meetings. It is however recognised that the timing of the meetings (ca. 2 monthly) and the number of small spend requests means that alternative options to this route are needed. This procedure details the process for approvals of spends between meetings and modest spends to support the running of the Parish.

### **Small Spend Requests**

4.2.1 Parish Councillors may approve small spends up to the sum of £200 per occasion subject to being satisfied that the spend is needed to support the Parish and that the level of spend is appropriate for the item(s) or services being procured.

4.2.2 Receipts for such spends must be obtained and the details of the spend together with the receipt(s) forwarded to the Clerk. The Clerk will arrange for reimbursement of the spends. Such spends will be listed at the next available meeting of the Parish Council.

4.2.3 There is no limit on the number of such approvals between meetings, however subdividing a larger spend into separate less than £200 pieces in order to circumnavigate the limit is not permitted.

### **Medium Spend Requests**

4.3.1 Exceptionally, the Chairman of the Parish Council may authorise spends of up to £500 per occasion subject to being satisfied that the spend is needed to support the Parish and that the level of spend is appropriate for the item(s) or services being procured.

4.3.2 Receipts for such a spend must be obtained and the details of the spend together with the receipt forwarded to the Clerk. The Clerk will arrange for reimbursement of the spends. Any such spends will be listed at the next available meeting of the Parish Council.

### **Emergency Spends**

4.4.1 In the event of funds being urgently needed, for example to make a Parish-owned asset safe, the Chairman may authorise the required amount (over £500) subject to being satisfied that the spend is justified and that Parish funds are sufficient to cover the spend.

4.4.2 Receipts for such a spend must be obtained and the details of the spend together with the receipt forwarded to the clerk. The Clerk will arrange for reimbursement of the spend. Any such spends will be listed at the next available meeting of the Parish Council.

### **4.5 Remote Spend Approval by the Parish Council**

4.5.1 For spends in excess of the Chairmans limit (excluding emergencies) where there is reasonable degree of urgency such that approval cannot wait until the next available meeting, any member of the Council can solicit the consensus approval of the other Council members via an exchange of emails.

4.5.2 In such situations, the email application for the spend must identify the spend and the reasoning behind it including justification of the amount (e.g. by supplying more than one quote or estimate).

4.5.3 Each member of the Parish Council should then convey their approval (or otherwise) of the spend by return of email. The normal voting process will then prevail with a majority decision being needed for the spend to be approved. As is the usual voting practice, the Chairman will have the casting vote (in addition to their own) in the event of a tied vote.

4.5.4 Receipts for such a spend must be obtained and the details of the spend together with the receipt forwarded to the clerk. The Clerk will arrange for reimbursement of the spend. Any such spends will be listed at the next available meeting of the Parish Council.

4.6 In cases of extreme risk to the delivery of Council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk’s judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the Chairman as soon as possible and to the Council as soon as practicable thereafter.

4.7 No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and any requisite borrowing approval has been obtained.

4.8 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4.9 Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

## **5. Banking Arrangements and Authorisation of Payments**

5.1 The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council; banking arrangements may not be delegated to a committee. All banking transactions shall be made on a dual signature principle with the Clerk being one signatory and the instigator of the transaction and a member of the Council being the second. This shall apply to electronic transactions as well as cheques.

5.2 The RFO shall prepare a list of all payments made since the last meeting of the Parish Council for noting and minuting.

5.3 All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council as a whole or by its members in accordance with the rules above.

5.4 The Clerk shall have delegated authority to authorise the payment of items only in the following circumstances:

a) 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 certify 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

b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Council

c) fund transfers within the Councils banking arrangements up to the sum of £5000, provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

5.5 For each financial year the RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like shall be compiled for which the Council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that such payments are submitted to the next appropriate meeting of Council as they arise.

5.6 Councillors are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

## **6. Instructions for the Making of Payments**

6.1 Subject to the limits in section 4 above, Councillors may make and/or authorise expenditure in line with the Councils responsibilities and objectives in the delivery of its mission for the Parish. Such expenditure will be reimbursed by the Clerk under the dual signature arrangement upon presentation of receipts and the receipts will be retained by the Clerk as evidence of valid expenditure and for future audit.

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

6.3 Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts.

6.4 Access to any internet banking accounts will be directly to the access page (which may be saved under “favourites”), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work.

6.5 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier.

6.6 The Council will not maintain any form of cash float. All cash received must be banked intact. A record shall be kept of any minor payments made in cash by the Clerk (for example for postage or minor stationery items) and these shall be refunded on a regular basis, at least quarterly.

## **7. Payment of salaries**

7.1 As an employer, the Council 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 agreed 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 must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting, as set out in these regulations above.

7.3 The Clerks salary shall be increased in line with the Local Government Services Pay Agreement each year. The salary changes shall be backdated upon issue of the agreement to the change date (normally the beginning of the financial year and an adjustment payment made accordingly. No other 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 Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.

7.5 Before employing interim staff, the Council must consider a full business case.

## **8. Loans and Investments**

8.1 All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by the 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 the Council in respect of value for money for the proposed transaction.

8.3 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.

8.4 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.

8.5 All investments of money under the control of the Council shall be in the name of the Council.

8.6 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

8.7 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 Section 5 (Authorisation of payments) and Section 6 (Instructions for payments).

## **9. Income**

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

9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.

9.3 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.

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 in accordance with VAT Act 1994 section 33 shall be made at least 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.

## **10. Orders for Work, Goods and Services**

10.1 Work carried out for the Council may be authorised by official order, giving the full details (specification) of the work required, including any relevant standards to be met, or on the basis of a written quotation from the supplier, to include the equivalent work specification ( as may be appropriate, say, when the suppliers expertise is key in determining the work required).

10.2 All Councillors are responsible for obtaining value for money at all times. A Councillor issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Section 11.1 below. Over time, it is expected that the Council will build up a list of trusted ‘go to’ suppliers in which case multiple quotations will not be generally required however it is recommended that charge levels are tested by alternative sources from time to time to ensure continued value for money.

Any such quotations, and/or the proposed supplier, shall be submitted to the Council for vote and approval, following which any authorised Councillor may schedule and instruct the work. If the vote is taken outwith a scheduled meeting, the vote and outcome will be recorded at the next meeting of the Council.

10.3 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent 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.

## **11. Contracts**

11.1 Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:

i. for specialist services such as are provided by legal professionals acting in disputes;

ii. 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;

iii. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

iv. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice Chairman of the Council); and

v. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

11.2 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.

11.3 Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each 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.

11.4 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.

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

11.6 Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, 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.

## **12. Interim and Account Payments**

12.1. Any interim or account payments prior to completion of the work must be specified in the contract with the appropriate timings or stage completion of the work.

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 conveyed to the contractor in writing, the Council must be informed where the final cost is likely to exceed the financial provision.

## **13. Assets, Properties and Estates**

13.1 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.

13.2 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.

13.3 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).

13.4 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).

13.5 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. Insurance**

14.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.

14.2 At least once per annum (normally immediately prior to renewal, the Clerk will present the insured manifest to the Council for review and approval. The manifest will comprise insured items and liabilities together with the sums insured. This will include arrangements for the management of financial risk.

14.3 The Clerk shall be notified of any loss or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.

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. Suspension and Revision of Financial Regulations**

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

15.2 The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.

***These Financial Regulations were approved for adoption by Warcop Parish Council at the Annual General Meeting of the Parish Council meeting held on 16th May 2024.***