

Wreningham Parish Council  
Financial Regulations

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# Wreningham Parish Council

## Financial Regulations

### 1. General

- 1.1 These financial regulations govern the conduct of financial management by the Wreningham Parish Council (“the Council”) and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of financial control which facilitates the effective exercise of the Council’s functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council’s financial affairs in accordance with proper practices. The RFO shall determine on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.3 The Council’s accounting control systems must include measures:
- for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of public money;
  - to prevent and detect inaccuracy and fraud; and
  - identifying the duties of officers.
- 1.4 These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5 At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6 Deliberate or wilful breach of these Regulations by an employee may give rise to Disciplinary proceedings
- 1.7 Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.8 The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.
- 1.9 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.

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- 1.10 The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Council from time to time comply with the Accounts and Audit Regulations.
- 1.11 The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
  - a record of the assets and liabilities of the Council; and
  - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12 The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
  - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
  - measures to ensure that risk is properly managed.
- 1.13 The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any 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, shall be a matter for the full Council only.
- 1.14 In addition, the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts;
  - approve any grant or a single commitment in excess of £5,000 and
  - in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.
- 1.15 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

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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 (internal and external)**

- 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 Council shall review the bank reconciliation produced in the finance report by the Clerk at every Council meeting, and the minutes will note any comments/approval of report made.
- 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 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. Any officer or member of the Council shall make available such documents and records as appear to the Council to be 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 for that purpose.
- 2.5 The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6 The internal auditor shall:
- be competent and independent of the financial operations of the Council;
  - report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
  - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - has no involvement in the financial decision making, management or control of the Council.
- 2.7 Internal or external auditors may not under any circumstances:
- perform any operational duties for the Council;
  - initiate or approve accounting transactions; or
  - direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8 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.

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- 2.9 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.
- 2.10 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)**

- 3.1 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- 3.2 The Council shall review the budget not later than the date set by South Norfolk Council each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 3.3 The approved annual budget shall form the basis of financial control for the ensuing year.
- 3.4. 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.

### **4. Budgetary Control**

- 4.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 4.2 During the budget year unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 4.3 The RFO shall provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget at every meeting.
- 4.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £200. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 4.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve.
- 4.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 4.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

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

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- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for safety and efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and the detail shown in the Minutes of the Meeting.
- 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.
- 5.4 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 5.5 The Clerk / RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- 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 and RFO 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, or,
  - 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 [or finance committee].
- 5.6 Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.7 The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.8 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

### **6. Payment Of Accounts**

- 6.1 The Council will make safe and efficient arrangements for the making of its payments.
- 6.2 Following authorisation under Financial Regulation 5 above, the Council or if so delegated, the Clerk / RFO shall give instruction that a payment shall be made.
- 6.3 All payments shall be affected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.5 If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods and supplies and equipment required purchased with the

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- Council's debit card. Provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, 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. Refer to the Council's internet banking policy and debit card policy regarding transaction authorisation and payment security.
- 6.6 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 or a duly delegated committee.
- 6.7 Regular back-up copies of the records on any computer shall be made and shall be stored securely. [NB Cloud storage is not guaranteed nor secure – need a separate regular backup held away from the computer and the Cloud].
- 6.8 The Council, and any members using computers for the Council's financial business, shall ensure that current anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used. A password manager application is recommended for managing and retaining passwords.
- 6.9 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.
- 6.10 Access to internet banking accounts will be directly via the access page (which may be saved under "favourites" in the browser), 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. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.11 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk and the Chair. A programme of regular checks of standing data with suppliers will be followed.
- 6.12 Any Debit Card issued for use will be specifically restricted to the Clerk and will also be restricted to a single transaction maximum value of £500 unless authorised by Council or finance committee in writing before any order is placed.
- 6.13 The Council will not maintain any form of 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 quarterly, against an itemised invoice presented by Clerk.
- 6.14 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members.

## 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 salaries shall be as agreed by Council.

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- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

### **8. Loans And Investments**

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

### **9. Income**

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed 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 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.

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

- 10.1 All members and Officers are responsible for obtaining value for money at all times. An officer 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 Regulation 11 (I) below.

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- 10.2. A member may not issue an official order or make any contract on behalf 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 Procedures as to contracts are laid down as follows:
- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
    - i. for the supply of gas, electricity, water, sewerage and telephone services;
    - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
    - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
    - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
    - v. for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council);
    - vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
  - (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 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.
  - (f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
  - (g) If less than three tenders are received for contracts above £5,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
  - (h) Any invitation to tender issued under this regulation shall be in accordance with Standing Orders.
  - (i) When it is to enter into a contract less than £5,000 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);

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where the value is below £1,000 and above £100 the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10(3) above shall apply.

- (j) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

#### **12. Payments under Contracts for Building or other Construction Works**

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the 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 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**

- 13.1 The Clerk shall be responsible for the care and custody of office equipment.

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

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law.
- 14.3 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, possibly in conjunction with a health and safety inspection of assets.

#### **15. Insurance**

- 15.1 Following the annual risk assessment (per Financial Regulation 17), the 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 employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

#### **16. Charities**

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- 16.1 Where the Council is sole trustee of a Charitable body the Clerk and 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 for consideration and adoption by the Council.

#### **18. Revision of Financial Regulations**

- 18.1 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.
- 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 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.