

# **MOLLINGTON PARISH COUNCIL FINANCIAL REGULATIONS**

## **1 General**

- 1.1 These financial regulations govern the conduct of financial management by 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 the Council 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. These financial regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The Clerk is the Responsible Financial Officer (RFO) for the Council and these regulations will apply accordingly. The Clerk, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The Clerk shall determine on behalf of the Council its accounting records and accounting control systems. The Clerk 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 practice.
- 1.3 The Clerk shall produce financial management information as required by the Council.
- 1.4 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.
- 1.5 In these financial regulations, references to the Accounts and Audit 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.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in '*Governance and Accountability in Local Councils – a Practitioner's Guide (England)*' issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society of Local Council Clerks (SLCC).

## **2 Annual Estimates (Budget)**

- 2.1 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 Clerk in the form of a budget to be considered by the Council.
- 2.2 The Council shall review the budget not later than the end of January each year and shall fix the precept to be levied for the ensuing financial year. The Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.4 The annual budget shall form the basis of financial control for the ensuing year.

## **3 Budgetary Control**

- 3.1 No expenditure may be incurred which cannot be met from the amount currently available in the Parish Council's bank account(s).
- 3.2 The Chairman and one other authorised signatory may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work or purpose which is of sufficient urgency that it must be done at once, subject to a limit of £200.
- 3.3 The Clerk will report action taken under 3.2 above, and the reason for its urgency, to the next meeting of the Parish Council and it will be duly recorded in the Minutes.
- 3.4 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.
- 3.5 The Clerk shall provide the Council with an interim statement of receipts and payments, comparing actual expenditure against that planned, at least quarterly.

## **4 Accounting and Audit**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations.
- 4.2 The Clerk shall complete the annual financial statements of the Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

- 4.3 The Clerk shall complete the accounts of the Council contained in the Annual Return and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The Clerk shall ensure that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices.
- 4.5 The Internal Auditor, who shall be competent and independent of the operations of the Council, shall be appointed by and shall carry out the work required by the Council in accordance with proper practices and shall report to the Council in writing at least once a year. Any issues raised by the Internal Auditor shall be brought to the immediate attention of the Council unless the correspondence is of a purely administrative nature.
- 4.6 The Clerk shall make arrangements for the opportunity for inspection of the accounts, books and vouchers and for the display or publication of any Notices and statements of account required by the Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

## **5 Banking Arrangements and Cheques**

- 5.1 The Council's banking arrangements, including the bank mandate, shall be made by the Clerk and approved by the Council and shall be regularly reviewed for efficiency.
- 5.2 The Council shall authorise members of the Council to sign cheques on behalf of the Council. Amendments may be made to authorised signatories as and when necessary, by resolution of the Council, and the Clerk will notify the bank immediately of any such changes.
- 5.3 For the purposes of managing the Council's bank account(s) the Clerk may become an authorised signatory but will only sign cheques in cases of emergency or when only one other authorised signatory is available.
- 5.4 Cheques or orders for payment drawn on the current account shall be signed by two of the authorised signatories.

## **6 Payment of Accounts**

- 6.1 All payments shall be effected by cheque or other instructions to the Council's bankers, in accordance with a resolution of the Council.
- 6.2 If thought appropriate by the Council, payment may be made by BACS or CHAPS methods provided that the instructions for payment are approved by the Council and are included in the Minutes. The approval of the use of BACS or CHAPS shall be renewed annually by resolution of the Council at the Annual Meeting.
- 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 the Councillors who will be authorised to approve transactions on the Council's 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 password facilities must not be used on any computer used for Council banking work.
- 6.5 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall be satisfied that the work, goods or services to which the invoice relates has been received, carried out, examined and approved.
- 6.6 A schedule of payments shall be prepared by the Clerk and presented to the Council at each meeting. The schedule shall be approved by the Council and included in the Minutes of the meeting. Councillors may inspect invoices and other documentation relating to such payments.
- 6.7 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, or for any other reasons deemed to be an emergency, and the due date for payment is before the next scheduled meeting of the Council, where the Clerk certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding paragraph 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
- 6.8 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 (e.g. postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **7 Payment of Salaries and Wages**

- 7.1 The Amenity Cleaner's wages shall be based on the local living wage hourly rate as approved annually by the Cheshire West & Chester Council. Wages will be paid monthly by standing order.
- 7.2 The salary of the Clerk upon appointment shall be based, pro rata, on SCP5 (formerly SCP15) of the salary scales agreed by the National Joint Council for Local Government Services, as notified by the National Association of Local Councils (NALC) or other amount agreed between the Council and the Clerk.
- 7.3 The Council will review the Clerk's salary annually when setting the budget and any agreed increase will be paid from 1 April in each year. Salary may be adjusted to take account of any pay awards as and when they are notified, and any adjustments will be backdated to 1 April in each year.
- 7.4 The Clerk's salary shall be paid by Standing Order on the 28<sup>th</sup> day of each month.

## **8 Reimbursement of Expenses**

- 8.1 Expenses incurred by the Clerk will be repaid by the Council in accordance with the Terms and Conditions relating to the Appointment of the Parish Clerk.
- 8.2 Payment of travelling expenses incurred by a Councillor, the Parish Clerk or other employee of the Parish Council in performing duties on behalf of the Council will be based on the casual user allowance agreed by the Council annually.
- 8.3 Apart from postage and travel, claims for the repayment of expenses by Councillors or employees of the Council must be accompanied by an official receipt and will be reimbursed at the next schedule meeting of the Parish Council.
- 8.4 The Clerk will maintain a record of all correspondence sent on behalf of the Parish Council and postage incurred will be reimbursed at the next scheduled meeting of the Council. Where possible letters should be sent by second class post.

## **9 Loans and Investments**

- 9.1 All loans and investments shall be negotiated 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 and shall be for a set period in accordance with Council policy. The terms and conditions of borrowings shall be reviewed at least annually. Changes to loans and investments shall be reported to the Parish Council at the earliest opportunity.
- 9.2 All borrowings shall be effected in the name of the Council.
- 9.3 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.

## **10 Income**

- 10.1 The collection of all sums due to the Council shall be the responsibility of and under the supervisions of the Clerk. Any amounts outstanding to the Council shall be reported to the next appropriate meeting of the Council. Bad debts shall be reported to the Council who shall decide whether to pursue collection or write off the debt.
- 10.2 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 Clerk who shall be responsible for the collection of all accounts due to the Council.
- 10.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 10.4 All sums received on behalf of the Council shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary and shall be reported to the next meeting of the Council. The origin of each receipt shall be entered on the paying-in slip.
- 10.5 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.6 The Clerk shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with the VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

## **11 Orders for Work, Goods and Services**

- 11.1 The Clerk 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 Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved and minuted.
- 11.2 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared. Copies of orders shall be retained.

## **12 Contracts**

- 12.1 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 relating 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 shall act after consultation with the Chairman and Vice-Chairman of the Council);
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 12.2 Where the total value of the goods or services to be procured is in excess of £3,000, quotations should be obtained from at least three contractors, subject to 12.3 below. Less than £3,000 at least two quotations should be sought.
- 12.3 If quotations or tenders cannot be obtained due to lack of suitable contractors prepared to quote/tender, this must be reported to the Council who will satisfy themselves that the price quoted is competitive and offers the Council best value.
- 12.4 purchase of everyday items required to manage the business of the Council (e.g. postage stamps, stationery) shall be at the discretion of the Clerk and, where possible, shall be accompanied by an invoice addressed to the Parish Council, subject to a limit of £50 for any one item. Above £50 the Clerk shall obtain the consent of the Chairman of the Council.
- 12.5 Before beginning the purchase of goods or services the Clerk must:
- Make sure the appropriate authority is in place to start the process
  - Make sure that there is enough money in the budget (including any grants obtained) to cover the total whole-life financial commitment being made
  - Assess the risks associated with the purchase and how to manage them.
- 12.6 The Council shall not be obliged to accept the lowest of any tender, quote or estimate.

## **13 Payments under Contracts for Building or other Construction Works**

- 13.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 13.2 Where contracts provide for payment by instalments the Clerk 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.
- 13.3 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.

## **14 Stores and Equipment**

- 13.1 The Clerk and members of the Council shall ensure that any equipment owned by the Council that is entrusted to them is adequately and safely maintained.

## **15 Assets, Properties and Estates**

- 15.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk shall ensure a record is maintained of all properties owned by the Council, in accordance with Accounts and Audit Regulations.
- 15.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council save where the estimated value of any one item does not exceed £100.
- 15.3 The Clerk shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

## **16 Insurance**

- 16.1 The Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 16.2 The Clerk shall ensure all new risks or any alterations affecting existing insurances are dealt with properly.
- 16.3 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review it annually.
- 16.4 The Clerk shall be notified of any loss, liability or damage or of any event likely to lead to a claim.
- 16.5 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.

## **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 activity, the Council shall ensure that a draft risk assessment is prepared, including risk management proposals for approval by the Council.

## **18 Revision of Financial Regulations**

- 18.1 The Council will review its Financial Regulations annually.