

# **WALKINGTON PARISH COUNCIL**

## **Financial Regulations**

### **1 General**

- 1.1 These Financial Regulations govern the financial management of the Council, including the conduct of its financial transactions, and may only be amended or varied by resolution of the Council. Together with the Council's Standing Orders, they form a key part of the Council's Internal Control systems and must be observed by Council members and officers.
- 1.2 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 meet its responsibilities.
- 1.3 These Financial Regulations will be reviewed annually every two years by the Clerk and the Chairman, and any amendments will be decided by the Council. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any need for consequential amendment of these financial regulations.
- 1.4 References to 'written documents' in these Regulations shall be taken as including electronic communications, and references to 'Proper Practice' refer to the guidance on Proper Practice issued by the Joint Panel on Accountability and Governance (JPAG).
- 1.5 The Council may, in exceptional circumstances, resolve to suspend a Financial Regulation in order to progress the business of the Council, but any such decision will not be taken lightly and will be time-limited. Reasons for any such decision will be recorded in the minutes.
- 1.6 In cases of doubt as to the interpretation of the Financial Regulations, the Council will seek professional advice.

### **2 Responsible Finance Officer (RFO)**

- 2.1. The Responsible Finance Officer (RFO) is a statutory office appointed by the Council.
- 2.2 The Clerk has been appointed as RFO for this Council and will be responsible for managing the financial affairs of the Council in accordance with Proper Practices and these Regulations.
- 2.3 As such, the RFO will, amongst other things, determine on behalf of the Council its accounting records and accounting control systems, and ensure that the accounting control systems are observed and that the accounting records of the Council are kept up-to-date.

### **3 Estimates and Precept**

- 3.1 Each year, the RFO will compile written estimates of income and expenditure for the coming financial year for the Council's consideration so that the Council can review its budget not later than the end of December and agree the precept, which will normally be submitted to the East Riding of Yorkshire Council in January.
- 3.2 Estimates will be approved in accordance with Standing Order 24.

### **4 Income and Expenditure**

- 4.1 The RFO will supply the Council with monthly updates of income and expenditure. The budget will be reviewed quarterly against actual income and expenditure. Significant underspends or overspends will be brought to the attention of the Council and action will be taken to address any discrepancies where the Council considers this appropriate. Amendments to the budget will be discussed in Council and changes recorded in the minutes.

## **5 Accounting and Audit**

- 5.1 The RFO will determine all accounting procedures and financial records of the Council in accordance with the Accounts and Audit Regulation, appropriate guidance and Proper Practice.
- 5.2 The RFO will complete the annual financial statements of the Council including the annual return as soon as practicable after the end of the financial year and will submit and report on them to the Council. The Council will review each year and ensure that there is an adequate, effective system of internal audit of the Council's accounting, financial and other procedures in line with Proper Practice.
- 5.3 An Internal Auditor will be appointed by the Council to carry out the work required to comply with Proper Practice. The person appointed will be competent and independent of the operation of the Council.
- 5.4 The RFO will submit the Annual Return to the External Auditor by the due date, ensuring the return is complete. The resulting report will be submitted to the next meeting of the Council.

## **6 Banking Arrangements and Cheques**

- 6.1 The Council's banking arrangements, including the Bank Mandate, will be made by the RFO and approved by the Council. They will be regularly reviewed for efficiency.
- 6.2 A resolution of the Council will nominate at least three members to be authorised by the Council to sign cheques.
- 6.3 All items of expenditure will be authorised by the Council and the payments approved. The RFO will examine invoices and verify and certify the expenditure. Cheques will be completed for all transactions and signed by two authorised Councillors, who will also endorse the invoices accordingly.
- 6.4 Any utility bill or recurrent payment may be paid by Direct Debit or Standing Order this may be done by letter to the bank signed by two signatories or in accordance with 15.2 below.
- 6.5 Councillor expenses for sundry items in the fulfilment of their duties up to the value of £100 will be reimbursed on the production of receipts.

## **7 Loans and Investments**

- 7.1 All loans and investments will be negotiated in the name of the Council and will be set for a period approved by the Council.
- 7.2 All borrowings will be in the name of the Council and will not be entered into until necessary approvals have been given. Any application will be approved by the Council, especially the terms and purpose. These terms must be reviewed annually.
- 7.3 All investments of money under the control of the Council will be in the name of the Council and all certificates or other documents will be retained by the RFO.

## **8. Procurement of goods, materials and services**

- 8.1 The Council will operate a fair and transparent process for all procurement.
- 8.2 Orders for goods, materials and services will only be placed following resolution of the Council.
- 8.3 All estimates/quotations must be reported to the Council and records of these should be kept.
- 8.4 The Council (and any person acting on its behalf) must always seek to obtain best value for all goods, materials and services which it purchases and to ensure that appropriate terms are obtained for the transaction.
- 8.5 'Best value' is defined as a balance of price, quality of product and supplier services and will also take account of the past record of the supplier. So, neither the Council nor any committee or sub-committee is bound to select the lowest quotation but the reasons for accepting the quotation must be recorded.
- 8.6 The Council shall only enter into a contract with a supplier if it is satisfied, following appropriate 'due diligence' checks, as to the supplier's suitability, eligibility, financial standing and technical capacity to undertake the contract.

- 8.7 Order books shall be controlled by the Clerk/RFO and copies of orders must be retained.
- 8.8 Where the anticipated cost of a project or programme of work exceeds £10,000:
- a) a named Councillor (or Councillors) will be appointed to supervise and monitor the project, provide the Council with regular progress reports and seek permission from the Council for any changes to the original specification or to the agreed price, as necessary; and
  - b) payment will, where relevant, be made only on the satisfactory completion of agreed milestones set out in a properly negotiated contract.

## **9 Contracts and Purchase Orders**

- 9.1 An official order, letter or email must be issued for all works, goods, materials or services to be paid for by the Council unless a formal contract is to be prepared.
- 9.2 No Councillor or officer may issue an official purchase order or make any contract on behalf of the Council unless appropriately authorised to do so by the Council.
- 9.3 All Councillors and officers are responsible for obtaining good value for money at all times, and an officer placing an order on behalf of the Council will ensure that good value and appropriate terms are obtained for the transaction.
- 9.4 Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 which is valued at £25,000 or more, the Council shall comply with the relevant requirements of those Regulations.
- 9.5 Orders for values over £25,000 shall also be subject to a formal tender process, as set out in section 10 of these regulations.
- 9.6 Orders for values over £500 and below £25,000 shall require a minimum of three quotations to be sought and will be advertised on the Parish Council website.
- 9.7 Orders for values over £10,000 will also be advertised in the local press and in such other ways as the Council considers appropriate.
- 9.8 In the case of orders for values below £500, the Council shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.
- 9.9 All quotations and estimates will be considered and approved by the Council. The Council is not obliged to accept the lowest quotation, but the reasons for accepting the quotation must be recorded.
- 9.10 The Council may employ a contractor for the supply of goods or services for a maximum of 3 years without obtaining alternative quotes, but shall normally obtain a minimum of 3 quotes at 3-yearly intervals, to ensure that the Contractor's prices remain competitive.

## **10 Formal Tender Process**

- 10.1 Where it is intended to enter into a contract exceeding £25,000 in value for the supply of goods or materials or for the execution of works, the Council will issue an invitation to tender for a duration of at least 35 days and the tender process will be subject to the requirements set out in the rest of this section.
- 10.2 An invitation to tender shall include a written specification of the Council's requirements, including the general nature of the intended contract, the timeframe for delivery of the required goods or services, where relevant, and any other key requirements. The Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 10.3 An Invitation to Tender must also state the name and address of the person to whom tenders are to be addressed, the last date by which those tenders should be received and the date on which all tenders will be opened. It must also contain a statement of the effect of Standing Orders 25.5 and 26 (concerning Interests and Canvassing and Recommendations by Members).
- 10.4 Tendering firms will be required to use a specifically marked envelope in which the tender is to be sealed, and remain sealed, until the prescribed date for tenders to be opened.

- 10.5 All tender opportunities will be advertised on the Council's website, the Parish Council Notice Board and in such other relevant local publications as directed by the Council. They must also be advertised on the Contract Finder website where this is required by the Public Contracts Regulations 2015.
- 10.6 Tenders shall be opened by the Clerk or other person to whom tenders are required to be addressed on the date specified and shall be reported by the person who opened them to the Council (or to the relevant committee or sub-committee).
- 10.7 Neither the Council, nor any committee or sub-committee, is bound to accept the lowest tender.
- 10.8 If no tenders are received or if all the tenders are identical or inappropriate, the Council may make such arrangements for procuring the goods or materials or executing the works as it thinks fit, but it must, nevertheless, strive to achieve best value.
- 10.9 Where, in exceptional cases, 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 and approved by the Council.

## **11 Assets**

- 11.1 The RFO will ensure that an appropriate and accurate Register of Assets is maintained by the Council. It will be reviewed at least annually, in conjunction with a health and safety inspection of assets if appropriate.

## **12 VAT**

- 12.1 The RFO will promptly complete any VAT Return that is required. Any repayment claims due in accordance with the VAT Act 1974 section 33 will be made at least annually coinciding with the financial year.

## **13 Insurance**

- 13.1 Following the annual risk assessment, the Council will review the level of insurance cover and ensure it is adequate and appropriate for the activities of the Council. Minimum cover will include Public Liability, Employers Liability, Money and Fidelity Guarantee.

## **14 Risk Assessment**

- 14.1 A risk assessment will be undertaken annually of all the activities of the Council and of its assets and a report approved by the Council. This assessment will also cover the appropriateness of the internal audit arrangements.
- 14.2 If the Council undertakes a new activity not covered by the existing risk assessment, an assessment will be undertaken before the activity commences.

## **15 Online Banking**

- 15.1 If thought appropriate by the Council, payment for certain items may be made by BACS method 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 the Council as made. The approval of the use of BACS shall be renewed by resolution of the Council at least every two years.
- 15.2 The Service Administrator for internet banking (see 15.5 below) may make payments by internet banking transfer or telephone banking (Bill Payments), the daily limit for these payments is set at £1000. The Service Administrator may also setup standing orders or direct debits for regular payments.
- 15.3 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

- 15.4 The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.
- 15.5 Where internet banking arrangements are made with any bank a duly authorised signatory will 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. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 15.6 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. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 15.7 No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its banking accounts, to any person not authorised in writing by the Council or a duly delegated committee.

## **16 Online Services**

Where online services require the use of login details, a note shall be made of the login details and shall be handed to and retained by the Chairman of the Council in a sealed, dated envelope. This envelope may not be opened other than in the presence of two other Councillors. After the envelope has been opened, in any circumstances, the login details shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the Council.

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