



# WILSDEN PARISH COUNCIL

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West Yorkshire.  
[www.wilsdenparishcouncil.gov.uk](http://www.wilsdenparishcouncil.gov.uk)

## FINANCIAL REGULATIONS

These Financial Regulations were approved by Wilsden Parish Council on 2<sup>nd</sup> March 2015.

### 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. Financial regulations are one of the council's three governing policy documents providing 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 council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 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 Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. A breach of these Regulations by an employee is gross misconduct.
- 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 Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. 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.
- 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<sup>1</sup>.
- 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

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<sup>1</sup> Accounts and Audit (England) Regulations 2011/817

- 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 power of well-being; 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, order or financial commitment
  - 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 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. ANNUAL ESTIMATES:**

- 2.1. Each committee / councillor should formulate and submit spending proposals via the RFO/Management Strategic Planning Committee for revenue and capital for the following financial year not later than the end of September each year.
- 2.2. A draft budget shall be prepared by the RFO not later than the end of November in each year for presentation to the December meeting.
- 2.3. During the year the Council shall set the precept to be levied for the ensuing financial year.

- 2.4. The budget shall form the basis of the financial control for the ensuing financial year.
- 2.5. The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget.

### **3. BUDGETARY CONTROL**

- 3.1. The RFO shall provide the Council with a statement of income and expenditure on a timescale as specified in Standing Orders.
- 3.2. The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replace or other work which is of such urgency that, in the opinion of the Clerk, it must be done at once, whether or not there is budgetary provision, subject to a financial limit of £250.00. The clerk shall report the action to the Council (or appropriate committee) as soon as practicable thereafter.
- 3.3. No expenditure shall be incurred in relation to any capital project and no contracts entered into or tender accepted unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.4. Unspent provision in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.

### **4. ACCOUNTING AND AUDIT**

- 4.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit (England) Regulations of 2011 or other Statutory Instrument which may supersede those Regulations and approved by the Council.
- 4.2. The RFO 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 in any case by the statutory date of 30<sup>th</sup> June, and shall submit and report thereon to the Council.
- 4.3. The RFO shall complete the Accounts of the Council contained in the Annual return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit (England) Regulations 2011
- 4.4. The RFO shall ensure that there is adequate and effective system of internal Audit of the Council's Accounting, financial and other operations in accordance with regulation 6 of the Accounts and Audit (England) Regulations 2011
- 4.5. An internal Auditor shall be appointed by the Council annually and shall carry out the work required by the Council in accordance with proper practices. The internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one report in respect of each financial year, in order to demonstrate objectivity and independence, the internal

Auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council – the appointment of the internal auditor will be reviewed on an annual basis.

- 4.6. The internal Auditor's role is to ensure the Council record all transactions, record accurately and efficiently as in line with the best practice. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal Audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.7. The RFO 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 Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011.
- 4.8. The RFO shall, as soon as practicable, bring to attention of all Councillors any correspondence or Report from the Internal or External Auditor, unless the correspondence is of purely administrative matter.
- 4.9. The parish council will appoint an Internal Audit Committee whose role is to have an overview and scrutiny role of the parish council's accounts. Members of the Internal Audit Committee shall not be cheque signatories.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1. The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be reviewed for efficiency and value at least annually.
- 5.2. The Council will authorise 3 Councillors to sign cheques on its behalf, cheques drawn on the Council's Bank Accounts shall be signed by two of the 3 authorised Councillors and initial of the cheque stub actioned.
- 5.3. A Schedule of 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 the Council. If the schedule is in order it shall be authorised by a resolution and shall be initialed by the Chairman of the Meeting.
- 5.4. Cheques drawn on the bank account in accordance with schedule referred to in paragraph 5.3 or in accordance with paragraph 6.4 shall be signed on the authorisation of the meeting.
- 5.5. The RFO will reconcile the Council's bank statements quarterly against receipts and expenditure as recorded in the cash book / financial spreadsheet. The most recent bank account statement together with an updated financial spreadsheet will be provided to Councillors by the RFO at a minimum of 6 months intervals to the appropriate Council Meeting. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statement (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Internal Audit Committee.

## **6. PAYMENT OF ACCOUNTS**

- 6.1. All payments shall be effected by cheque or by direct debit drawn on the Council's bankers.
- 6.2. All invoices for payments shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received carried out examined and approved.
- 6.3. The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4. If a payment is necessary to avoid a charge to interest the late payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of the Council, where the Chairman and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (not withstanding para 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.

## **7. INCOME**

- 7.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 7.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified by the Clerk and the Clerk shall be responsible for collection of all accounts due to the Council.
- 7.3. The Council will review all fees, rents and charges annually following a report by the Clerk.
- 7.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 7.5. 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 bankers with such frequency as the RFO considers necessary.
- 7.6. The origin of each receipt shall be entered on the paying – in – slip.
- 7.7. 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.
- 7.8. Personal cheques shall not be cashed out of money held on behalf of the Council.

## **8. PAYMENT OF SALARIES**

- 8.1. 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.
- 8.2. 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 and ratified by the next available Council Meeting, these payments being made on behalf of the Council by Bradford Community Payroll and reviewed annually.

## **9. LOANS AND INVESTMENTS**

- 9.1. 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.
- 9.2. 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.
- 9.3. All investments of money under the control of the Council shall be in the name of the Council.
- 9.4. 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.

## **10. ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders should be retained.
- 10.2. Orders shall be controlled by the RFO.
- 10.3. 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 for items or services costing more than £500.
- 10.4. 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**

Procedures as to contracts are laid down as follows:

- 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:
- 11.2. for the supply of gas, electricity, water, sewerage and telephone services;
- 11.3. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
- 11.4. 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;
- 11.5. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
- 11.6. for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
- 11.7. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 11.8. Where it is intended to enter into a contract exceeding £10,000 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 shall invite tenders from at least three firms.
- 11.9. 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.
- 11.10. 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.
- 11.11. 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.
- 11.12. If less than three tenders are received for contracts above £10,000 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.
- 11.13. Any invitation to tender issued under this regulation shall be subject to Standing Order 18 and shall refer to the terms of the Bribery Act 2010.
- 11.14. When it is to enter into a contract of less than £10,000 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); where the value is below



£500 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.

- 11.15. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 11.16. 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.
- 11.17. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

## **12. ASSETS, PROPERTIES AND ESTATES**

- 12.1. 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, 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.
- 12.2. No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible moveable property does not exceed £50.
- 12.3. The Clerk 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.

## **13. INSURANCE**

- 13.1. The RFO shall be responsible for effecting all insurance and negotiating all claims against the Council's insurers.
- 13.2. The RFO shall give prompt notification to the Council of all new risks and of any amendments affecting existing cover.
- 13.3. All employees of the Council shall be included in suitable fidelity guarantee cover.

## **14. CHARITIES**

- 14.1. Where the Council is sole trustee of a Charitable body the Clerk 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 shall arrange for any

Audit or Independent examination as may be required by Charity Law or any Governing Document.

## **15. RISK MANAGEMENT**

- 15.1. 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 activities of the Council. Risk Policy Statements and risk management arrangements shall be reviewed a least once a year by the Council.
- 15.2. When considering any new activity the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **16. REVIEW OF FINANCIAL REGULATIONS**

- 16.1. It shall be the duty of the Council to review the Financial Regulations of the Council annually. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirements for a consequential amendment to these financial regulations.