

DARNHALL

PARISH

COUNCIL

FINANCIAL REGULATIONS

May 2021

DARNHALL PARISH COUNCIL FINANCIAL REGULATIONS

1. GENERAL

These financial regulations shall govern the conduct of the financial transaction of the Darnhall Parish Council and may only be amended or varied by resolution of Darnhall Parish Council at their monthly meeting.

The Responsible Financial Officer (RFO) shall be responsible for the proper administration of Darnhall Parish Council's financial affairs.

The RFO shall be responsible for the production of financial management information.

2. FINANCIAL STATEMENTS AND BUDGET CONTROL

The annual budget is to be approved no later than the January meeting to enable the Cheshire West and Chester Council to be advised of the Darnhall PC precept by the end of January. The RFO to prepare a provisional financial statement for the November meeting of the Darnhall Parish Council which includes a forecast for the balances at the end of the current year comparisons of receipts and payments for the preceding financial year.

The November financial statement describes the financial position after six months of the current financial year. The forecast for the end of the financial year balances is made on the basis of known financial commitments for the rest of the year. The previous year's payments, receipts and year-end balances are also shown.

Receipts and payments are detailed into appropriate sections with the VAT items shown separately. This is done in the receipts and payments spreadsheet. Petty cash balances and bank reconciliation is to be done on a spreadsheet. In line with transparency requirements from July 15 items over £100 must be published on the website (annually).

All transactions including petty cash should be supported by the relevant receipts and invoice. Where VAT is involved a proper receipt giving the date, VAT amount and VAT number of the supplier or recipient must be obtained. For cheque payments, the relevant receipt should be given a voucher number and this number entered in the relevant column in the receipts and payments book.

The overall timetable is therefore: -

- November – internal check of accounts by a named Darnhall Parish Councillor and the RFO
- November meeting – a six months' financial report is to be presented and considered by the Darnhall PC.
- January meeting – financial report approved and the precept for the following year agreed.
- May meeting – final year-end accounts approved at the Annual Parish Council Meeting.
- May/June – internal audit checks to be carried out between the internal auditor and RFO.
- May/June – display final accounts, annual governance statement, internal auditor report and list of transactions over £100.

The RFO will also present to the Darnhall Parish Council a break down of the expenses during the year to make sure the spending is in line with that planned, this will be presented at regular intervals.

The clerk may incur expenditure on behalf of the Darnhall Parish Council for carrying out urgent repair/replacement work that needs to be done at once, whether or not there is a budgetary provision to do so but with a limit of £150. The clerk shall report back to the Darnhall Parish Council as soon as possible thereafter.

Any unspent provisions in the budget cannot be carried forward into the next financial year.

3. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

All accounting procedures and financial records of the Darnhall Parish Council shall be determined by the RFO as required by the Accounts and Audit Regulations 2011.

The RFO shall be responsible for completing the annual accounts as soon as practicable after the end of the financial year for reporting on them to the Darnhall Parish Council.

The RFO shall be responsible for completing the accounts for Darnhall Parish Council contained in the annual return and for submitting the annual return for approval and authorisation by the Darnhall Parish Council within the timescales set by the Accounts and Audit Regulations 2011, or set by the auditor.

The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Darnhall Parish Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2011 as amended. Any officer or member of the Darnhall Parish Council shall, if the RFO or internal auditor requires, make available such documents of the Darnhall Parish 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 explanations as the RFO or internal auditor considers necessary for that purpose.

The internal auditor shall carry out the work required by the RFO, or by the Darnhall Parish Council, with a view to satisfactory completion of the internal auditor's report section of the annual return as compiled annually by the audit commission. The internal auditor should be competent and independent of the operation of the Darnhall Parish Council.

The RFO shall make arrangement for the opportunity for the inspection of the accounts and books as required by the audit commission act 1998 section 15 and the Accounts and Audit Regulation 2011.

The RFO shall bring to the attention of the Darnhall Parish Councillors any correspondence received from the internal or external auditors.

The clerk shall be responsible for keeping all invoices and receipts and for maintaining records of all the financial transactions of the Darnhall Parish Council in the receipts and payments book and for keeping all petty cash receipts in the petty cash book. The clerk will also see to the petty cash book being reconciled on the 31st March each year and approved by the Chairman.

4. BANKING ARRANGEMENTS, PAYMENT OF ACCOUNTS AND CHEQUES

Darnhall Parish Council has a current bank account with NatWest Bank and Barclays Bank.

Darnhall Parish Council has a deposit account with Barclays Bank.

Darnhall Parish Council has a named current account for the 200 Club.

Apart from petty cash payments, a cheque or other order drawn on the council's bankers shall affect all payments.

All invoices shall be examined by the clerk and presented to Darnhall Parish Council for approval at each monthly meeting and signed by the chairman at that meeting.

If a payment is necessary to avoid interest charges before the next meeting the clerk may take the necessary steps to settle such invoices and then provide details to Darnhall Parish Councillors at the next meeting.

Two Darnhall Parish Councillors are required to sign cheques drawn on the current bank account and the cheque stub initialled by the same two councillors. The stub should also say what the cheque is for.

The Darnhall Parish Council shall provide petty cash to the clerk for the purpose of operational and other expenses for which vouchers or receipts must be kept.

Income received must not be paid into the petty cash account but must be separately banked and details shown on the pay in slip stub.

Petty cash payments to the clerk shall be shown separately for approval by the Darnhall Parish Council twice a year.

Payment of the clerk's wages shall be agreed at each meeting of the Parish Council.

A bank reconciliation shall be presented by the clerk at each meeting to verify the figures match the bank statement.

5. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

The council will make safe and efficient arrangements for the making of its payments.

Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.

All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of Darnhall Parish Council

Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by two members of Darnhall Parish council in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.

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.

Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the Darnhall Parish council at the next convenient meeting.

If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least every two years.

If thought appropriate by the council, payment for certain items (principally salaries) may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the council at least every two years.

If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods 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.

If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.

Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of 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 PIN and / or passwords 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. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

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.

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.

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.

Where internet banking arrangements are made with any bank, the Clerk [RFO] 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. 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.

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. Breach of this Regulation will be treated as a very serious matter under these regulations.

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 two councillors. A programme of regular checks of standing data with suppliers will be followed.

Any Debit Card issued for use will be specifically restricted to the Clerk and the RFO and will also be restricted to a single transaction maximum value of £250 unless authorised by council or finance committee in writing before any order is placed.

A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council. Transactions and purchases made will be reported to the Darnhall Parish Council and authority for topping-up shall be at the discretion of Darnhall Parish Council.

Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk and RFO and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.

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.

6. LOANS AND INVESTMENTS

All investment of money under the control of Darnhall Parish Council shall be in the name of Darnhall Parish Council. Any certificates and documents issued for such an investment shall be retained by the RFO.

All borrowings shall be affected in the name of Darnhall Parish Council, after obtaining any necessary borrowing approval. The Darnhall Parish Council, as to the terms and purpose, shall approve an application for borrowing approval.

7. INCOME

The clerk shall bank all sums of money received on behalf of Darnhall Parish Council.

A reference indication of the origin of each cheque shall be entered on the paying in slip.

The RFO shall complete the VAT Return as soon as possible. Any VAT to be claimed back in accordance with the VAT act 1994 section 33 will be made annually to coincide with the financial year-end (*subject to minimum claim*).

8. ORDERS FOR WORK, GOODS AND SERVICES

For all work, goods and services Darnhall Parish Council will require an official order or letter unless a formal contract is to be prepared or an official order would be inappropriate. The clerk will keep all copies of orders or letters.

To help obtain value for money and best terms it is recommended that three quotes or estimates be obtained from three different suppliers for all goods and services over £500 and below £5,000. Any goods and services below £500 will be purchased by the Clerk with the approval of the Chair and one other Member, but three quotes as outlined above is not necessarily required but is generally accepted as good practice.

The lawful nature of any proposed purchase shall be verified by the RFO and the statutory authority reported to the meeting at which the order is approved. The minutes of the meeting must also show the power being used.

9. CONTRACTS

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 good 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 the Vice Chairman of the Council)
 - (vi) For goods or materials proposed to be purchased which are proprietary articles and/or are only sold at fixed price.
- (b) Where it is intended to enter into a contract exceeding £5,000 in value for the supply of good or materials or for the execution of works or specialist services other than such goods materials, works or specialist services as are expected as set out in paragraph (a) the clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.
- (c) When applications are made to waive financial regulation 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 invitations 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 tender 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.
- (e) The clerk in the presence of at least one member of the council shall open all sealed tenders at the same time on the prescribed date.
- (f) 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.

(g) When a contract and/or supply of goods and services is valued at above £500 but below £5,000, the Clerk/RFO will seek to obtain three quotes/estimates from three different suppliers.

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

10. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

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).

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 variation, will exceed the contract sum of 5% or more a report shall be submitted to the council.

Any variation to a contract, or addition to a contract, or omission from a contract, must be put in writing to the Darnhall Parish Council and approved by them and the contractor. The contractor must inform Darnhall Parish Council in writing where the final cost is likely to exceed the financial provision. The contractor must have any additional cost approved by Darnhall Parish Council.

11. STORES AND EQUIPMENT

The officer in charge of the stores and equipment will be responsible for the care and custody of it.

When goods are delivered they must be checked that they match the order, the correct amount is received and in good condition. The clerk must keep all delivery notes.

All stocks are to be kept to a minimum and will be checked by the clerk and officer in charge at least once a year.

12. PROPERTIES AND ESTATES

Darnhall Parish Council do not own any properties.

13. ASSETS

The clerk and chairman shall maintain a record of all assets owned by the Darnhall PC.

The RFO shall be responsible for an annual check of the assets.

14. INSURANCE

The clerk shall keep a record of all insurances affected by Darnhall Parish Council. Such insurances shall be reviewed annually.

All employees of Darnhall Parish Council shall be included in suitable fidelity guarantee insurance.

15. RISK MANAGEMENT

The clerk and chairman shall prepare and promote the risk management policy statements in respect of all activities of Darnhall Parish Council.

When considering any new activity, the clerk shall prepare a draft risk management policy for the activity and shall bring a draft addressing the legal and financial liabilities and risk managements issues that arise to Darnhall Parish Council for consideration and if thought appropriate, adopt them.

16. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

Darnhall Parish Council shall review its financial regulations from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Darnhall Parish Council of any requirement for a consequential amendment to these financial regulations.

The council may, by resolution of the council duly notified prior to the relevant meeting of the Darnhall Parish 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 member of Darnhall Parish Council.