

WHETSTONE PARISH COUNCIL (WPC)
FINANCIAL REGULATIONS (FR)

These FR were updated and adopted by WPC at its meeting held on 24th April 2025.

1. GENERAL

- 1.1 These FR shall govern the conduct of financial management (FM) by WPC and its officers and may only be amended or varied by resolution of WPC. WPC is responsible in law for ensuring that its FM is adequate and effective and that WPC has a sound system of financial control (FC) which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk. The latter should encompass the prevention and detection of fraud and corruption. These FR are designed to demonstrate how the Council meets this responsibility.

The Responsible Financial Officer (RFO) is a statutory officer and shall be appointed by WPC. The WPC Clerk, as RFO has responsibility and duties according to defined line management status and job specification. Assistance from the LRALC and NALC would be requested to source available Clerking capacity.

- 1.2 The RFO, acting under the policy direction of WPC, shall administer the Council's financial affairs in accordance with pertinent statute law, local government regulations and best practice. The RFO shall determine on behalf of the Council its accounting records and accounting control systems including external audit on an annual basis.
- 1.3 The RFO will produce financial management information (FMI) as required by WPC, statutory requirements, and other local government bodies.
- 1.4 At least once a year, prior to approving the annual return, WPC shall conduct a review of the effectiveness of its system of internal control, which will be in accordance with 1.2 and 1.3 above by way of an independent internal auditor's report.
- 1.5 In these FR, references to the Accounts and Audit Regulations (AAR) shall mean the regulations issued under the provisions of Section 27 of the Audit Commission Act 1998 and any superseding legislation, and then in force unless otherwise specified.
- 1.6 In these FR the term 'proper practice(s)' shall refer to the 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 National Association of Local Councils and Society of Local Council Clerks.

2. ANNUAL BUDGET ESTIMATES (PRECEPT)

- 2.1 Under the direction of the WPC Finance, Resources & Policy Working Party (FRPWP) all Committees and Working Parties of the Council shall formulate and submit proposals to formulate the Annual Precept for onward submission

to Blaby District Council (BDC). The Precept will include proposals in respect of revenue and capital, plus the use of reserves and sources of funding for the following financial year (FY) not later than the end of January each calendar year.

- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared by the RFO and FRPWP in the form of a budget to be considered by WPC.
- 2.3 WPC shall review the Budget (Precept) not later than the end of January each year and shall fix the Precept to be levied for the ensuing FY. The RFO will issue the Precept to the billing authority (BDC) and place on record a formal copy of the approved budget for scrutiny as may be required later.
- 2.4 The annual budgets shall form the basis of financial control during the relevant FY.
- 2.5 WPC and the RFO shall consider the need and regard for a 3-year forecast of Revenue and Capital Receipts/Payments which may be prepared at the same time as the annual budget.

3. BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget/precept and in accordance with the latest version WPC Standing Orders (SOs) for Councillors and Officers. SOs paragraphs 40, 41, 50, 51, 52 and 70.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the FY, and with the approval of full WPC, unspent and available amounts may be moved (flexed or vired) to other budget headings or to a specific reserve as appropriate.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date, comparing actual expenditure against the planned expenditure as shown in the forecast budget. These statements are to be prepared at the end of each month during the current FY.
- 3.4 Matters needing urgent attention shall be dealt with by the clerk in consultation with the Chairman/Vice-Chairman and Chairman of the relevant committee or working party in order to deal with a matter in the most appropriate way and the Clerk also be given written authority, in conjunction with the Chairman and Chairman of the relevant working party to commit Council to expenditure up to a maximum of £10,000, in any single event, in order to secure a satisfactory solution.

The Clerk be allowed to commit Council to spend a maximum amount of £250 in any one accounting period without prior approval of Council subject to subsequent approval at the next meeting of Council.

- 3.5 Council is reminded that the European Union Public Sector Procurement Rules are likely to apply to contracts with a value in excess of £140,000 and

advice should be sought at this level. The Clerk to WPC may incur expenditure on behalf of the Council as defined in the WPC's SOs referred to in paragraph 3.1. These powers are to cover the exigencies caused by extreme urgency e.g. repairs, replacement or other works required. The Clerk will report any such actions to the full Council as soon as is practicable.

- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless by resolution of council, or placed in a specific reserve by resolution of the Council. Reserves to be reviewed annually at budget review.
- 3.7 No expenditure shall be incurred in relation to any capital project, no contract entered, 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.
- 3.8 All capital works shall be administered in accordance with WPC's SOs and FR relating to contracts. Referral to higher authority should be sought where SOs and FR are clearly inadequate for the purposes of decision making and prudence.

4 ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of WPC shall be determined by the RFO in accordance with AAR.
- 4.2 The RFO shall complete the annual financial statements of WPC, including the Council's Annual Return, as soon as practicable after the end of the FY and shall submit them in report format 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); shall submit the Annual Return for approval and authorisation by WPC within the timetable set by the AAR.
- 4.4 The RFO shall ensure that there is an adequate and effective system of internal audit of WPC accounting, financial and other operations in accordance with proper practices (see para 1.6). Any officer or member of WPC shall, if the RFO or Internal Auditor (IA) requires, make available such documents of the Council, which appear to the RFO or IA to be necessary for the purpose of transparent audit. Additionally, they shall supply the RFO/IA with such information or explanation, as the RFO/IA considers relevant to the audit trail.
- 4.5 The IA shall be appointed by and shall carry out the work required by WPC in accordance with proper practices. The IA shall be competent and independent of the operations of WPC. The IA will report to WPC in writing or in person on a regular basis with a minimum of one annual written report in respect of each FY. To demonstrate objectivity and independence, the IA shall be free of any conflicts of interest i.e. have no direct or indirect involvement in the financial decision making, management or control of WPC.

- 4.6 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 of WPC. Additionally the RFO is to arrange for the display of or publication of Notices and Statements of Account required of WPC by the Audit commission Act 1998 and AAR.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all councillors, any correspondence or report from the IA or External Auditor (EA), unless the subject matter is clearly a simple administrative matter. Cases of doubt should be referred to the FRPWP of WPC.

5 BANKING ARRANGEMENTS AND BACS/ CHEQUES

- 5.1 WPC banking arrangements, including the bank mandate, shall be made by the RFO and approved by Council. They shall be regularly reviewed for effectiveness, efficiency, and economy.
- 5.2 A schedule of the payments made will be produced monthly. Any anomalies will be reported monthly.
- 5.3 Wherever possible all payments will be made by BACS from the WPC Bank account in accordance with schedule referred to in para 5.2 above or if a cheque is required, it shall accord with para 6.4 below, and shall be signed by one member and the Finance and Administrative Officer.
- 5.4 To indicate agreement of the details shown on the BACS payment, the Finance and Administrative Officer. will produce an itemised list of payments which the Clerk/RFO and the Chairman/or other authorised member will sign to ensure good practice and financial transparency. If a cheque is required it will be presented with the counterfoil and the invoice and the member signatory shall also initial the cheque counterfoil.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be affected by BACS wherever possible; cheques will be used as a last resort and will continue to be drawn on the WPC bankers.
- 6.2 All invoices for payment shall be examined, verified, and certified by the appropriated RFO. The RFO shall be satisfied that the works, goods, or services to which the invoice relates, has, or will be received to a satisfactory standard.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall allocate them precisely to the appropriate precept code heading(s). The RFO shall take all steps to settle all invoices submitted.
- 6.4 If an immediate payment is needed to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998 and the due date for payment is before the next scheduled full meeting of WPC, the RFO may affect an immediate payment and report the full details at the next Council Meeting.

- 6.5 WPC/RFO will not maintain any form of cash float. All cash, (cheques etc are defined as cash), received must be banked intact as soon as possible. Any payments made in cash by the RFO; e.g. postage or stationery costs, shall be refunded to the individual(s) concerned in arrears monthly. All such forms of WPC member or officer expenses claims are to be signed. Expenses of the Chairman are to be scrutinised by Full Council.
- 6.6 If thought appropriate by the Council, payment for utility supplies may be made by variable direct debit if instructions are signed by one member and the Finance and Administrative Officer and any payments are reported to Council in a formal manner. The scrutiny of the use of each variable direct debit should fall under the terms of reference of the IA employed by WPC on an annual basis.

7 PAYMENT OF SALARIES

- 7.1 As an employer, WPC shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance (NI) legislation. The payment of all salaries shall be made by BACS in accordance with payroll records and the rules of PAYE and NI currently operating. Salaries shall be as agreed between WPC and the individual concerned. To indicate agreement of the details shown on the BACS payment, the Finance and Administrative Officer will input the payments to the bank account and produce an itemised list of payments which the Clerk/RFO will check and sign for compliance and financial transparency.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for income tax, NI, and pension contributions, may be made in accordance with the payroll records, provided that each payment is reported to and ratified by the next full meeting of WPC.

8 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of WPC and shall be for a set period in accordance with WPC policy.
- 8.2 WPC shall consider the need for an investment policy which, if drawn up, will be in accordance with relevant regulations, proper practices, and guidance. Any such policy shall be reviewed annually.
- 8.3 All investments of money under the control of WPC shall be in the name of WPC.
- 8.4 All borrowings shall be affected in the name of WPC, after obtaining any necessary borrowing approval. Any application for borrowing approval shall first be approved by WPC as to its purpose and terms. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.5 All investment certificates and other related documents shall be retained by the RFO, scheduled in a formal register and subject to inspection and audit at any time by members of WPC.

9 INCOME

- 9.1 The collection of all sums due to WPC 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 WPC, (after consideration and recommendation by the FRPWP), notified to the RFO who in turn will be responsible for the collection of all accounts due to WPC.
- 9.3 WPC will review all fees and charges annually.
- 9.4 Any sums found to be irrecoverable such as bad debts shall be reported to a full WPC meeting for consideration to resolve the matter as a 'write-off' in that FY.
- 9.5 All sums received on behalf of WPC shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with WPC's bankers or Post office with such frequency as the senior RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques will not be encashed out of money held on behalf of WPC.
- 9.8 The RFO shall promptly complete and file any VAT return that is required. Any repayment claims due in accordance with the VAT Act 1994 S. 33 shall be made at least annually coinciding with the FY end.
- 9.9 Where any significant sums of cash (over £1500) maybe received by WPC the RFO is to take such steps as are agreed by WPC to ensure that more than one person is present when the cash is counted in the first instance; that there is some form of formal receipt issued, and that appropriate care is taken in the security and safety of individuals banking such cash as well as the cash itself. The payment of services by cash will be actively discouraged in favour of online payments.

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 shall be retained for audit.
- 10.2 Order books shall be controlled by the RFO.
- 10.3 All members and officers are responsible for always obtaining value for money. An officer issuing an approved order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually on items costing more than £1000 by setting out to obtain three or more quotations/estimates from relevant suppliers; subject to any de minimis provisions in para 11 below.

- 10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of an order. In the case of new, infrequent purchases or payments the RFO shall ensure that the statutory authority will be reported to the WPC meeting at which the order is to be approved so that the minutes can record the power being used.

11 CONTRACTS

- 11.1 Procedures for WPC contracts are to be as follows:

(a) Every contract shall comply with these FR 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, sewage, 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, equipment, or plant.
- (iv) For work to be executed or goods or materials supplied which constitute an extension of an existing contract of WPC.
- (v) For additional audit work of the EA up to an estimated value of £250. More than this sum the RFO shall act only after consultation with the Chair and Vice Chair of WPC.
- (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

(b) Where it is intended to enter a contract exceeding £50k in value for the supply of goods, materials, works or professional services other than specified in para 11.1. (a) above the RFO with full, prior WPC approval shall invite tenders from at least 3 approved list entities that are recognised providers.

(c) When applications are made to waive FR relating to contracts to enable a price to be negotiated without competition the reason shall come to a full meeting of WPC from the RFO via the FRPWP with specific transparent recommendations.

(d) Such invitation to tender shall state the general nature of the intended contract and the RFO 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 WPC via Royal Mail. Each entity submitting a tender shall be supplied with a specifically marked envelope in which their tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract arrives.

(e) All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of two members of WPC.

(f) If less than 3 tenders are received for proposed contracts of above £50k, or if all the tenders are identical WPC may make such arrangements as it judges to be appropriate to fulfil the needs of parishioners.

(g) Any invitation to tender issued under this FR shall contain a statement to the effect of WPC SOs 40,41, 50, 51 & 52.

(h) When WPC is to enter in to a contract that is worth less than £50k the RFO with the approval of the FRPWP, is to strive to obtain 3 quotations and apply the best practice of FR 10 (3) before submitting a draft resolution to a full WPC meeting for approval.

(i) WPC 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 by 5% or more, a report shall be submitted to a full meeting of WPC via the FRPWP as soon as possible.

12.3 Any variation, addition or omission to a contract must be approved by WPC and the Contractor in writing. WPC should also be informed by the Contractor prior to this stage as to the full costs and conditions attached to any change.

13 STORES AND EQUIPMENT

13.1 The WPC officer in charge of each Dept shall be responsible for the care and custody of stores/equipment in their Dept.

13.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and those goods must be checked for quantity and quality at the time of delivery.

13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.

13.4 The RFO is responsible for periodic checks of stocks and stores, which, should at least be completed on an annual basis.

14 ASSETS, PROPERTIES AND ESTATES

14.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by WPC. The RFO shall ensure a record is maintained of all properties owned by WPC, recording the location, extent, plan, reference, purchase details, nature of interest, tenancies granted, rents payable and purpose for which held in accordance with AAR.

- 14.2 No property shall be sold, leased, or otherwise disposed of without the authority of a full WPC meeting together with any other consents required by law, except where the estimated value of any one item of tangible movable property does not exceed £50 only.
- 14.3 The RFO shall ensure that an appropriate and accurate Register of Assets & Investments (RAI) is kept up to date. The continued existence of tangible assets shown in the RAI shall be verified at least annually.

15 INSURANCE

- 15.1 Following the annual risk assessment, (see FR 17 below), the RFO, on advice from the FRPWP, shall affect all insurance(s) required by statute law (Employers' Liability) and regulation; negotiating all terms and claims on behalf of WPC.
- 15.2 The RFO shall give prompt notice to WPC through the FRPWP of all new risks to be insured as well as amendments required to existing covers.
- 15.3 The RFO shall keep a record of all insurance(s) effected by WPC and the property/risks covered. Insurance(s) shall be reviewed annually prior to renewal.
- 15.4 The RFO shall be notified of any loss, liability, damage, or any event that may lead to a potential claim. In turn the RFO is to make a full report at the next full meeting of WPC.
- 15.5 All appropriate employees of WPC shall be included in a suitable fidelity guarantee insurance policy which will cover the maximum risk exposure as determined by WPC.

16 CHARITIES

- 16.1 If WPC becomes the sole trustee of a charitable body, especially one that falls under the provisions of the Charity Commission; the RFO shall ensure that separate accounts are kept of the funds and assets held for charitable trusts. The latter are also to be subject of separate financial reports to conform to Charity Legislation / Commission Guidelines. The RFO shall arrange for separate audit also if required but about cost and necessity.

17 RISK MANAGEMENT

- 17.1 WPC is responsible for putting in place arrangements for the management of risk. The RFO shall prepare, for approval by WPC, risk management policy statements in respect of all activities of WPC. Risk policy statements and consequential risk management arrangements shall be reviewed by WPC at least annually.
- 17.2 When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by WPC.

18 REVISION OF FINANCIAL REGULATION

- 18.1 It shall be the duty of WPC to review FR of the Council from time to time. The RFO shall decide to monitor changes in legislation or proper practices and shall advise WPC of any requirements for a consequential amendment to these FR.