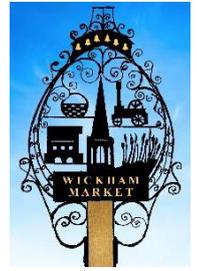


# WICKHAM MARKET PARISH COUNCIL ESSENTIALS

## No.8: Spending Public Money



### 1. Background: Financial Regulations<sup>1</sup>

- 1.1. The Financial Regulations are based on a model prepared by the National Association of Local Councils (NALC) and tailored to the needs of Wickham Market Parish Council (WMPC) by resolution.
- 1.2. Wickham Market Financial Regulations covers 15 pages. This brief extracts the key elements relating to authorisation of spend of public funds, to demonstrate proper practices are in place<sup>2</sup>.

### 2. Principals

- 2.1. All spend by Wickham Market Parish Council is public money regardless of its source (precept, grants, WMPC charges for services such as Cemetery, Allotments or Market)
- 2.2. Budget Authorisation is not authority to spend.

### 3. Expenditure Authorisation

- 3.1. All purchases or orders must be authorised by the council or through delegated authority by<sup>3</sup>:
  - A duly delegated committee of the council (F&GP or E&L) for items up to £5,000
  - the RFO, in conjunction with Chair of Council or the appropriate committee, for items below £500
  - Spend must be within budget for that class of expenditure for RFO/Chair authorisation<sup>4</sup>.
- 3.2. The Council may not delegate its authority to an individual councillor.
- 3.3. Prior approval is required for every purchase.
- 3.4. A VAT invoice or receipt in the name of Wickham Market Parish Council must be provided where VAT is charged. A VAT invoice or receipt in the name of an individual is not acceptable.
- 3.5. The preferred method of payment is direct to the supplier by the payment authorisation process.
- 3.6. To be practical, the council may provide prior approval for individual councillors to pay for and reclaim small purchases provided the conditions above are met.
- 3.7. **Value for Money:** Three quotes should be sought for all expenditure greater than £300<sup>5</sup>.

### 4. Payment Authorisation

- 4.1. Wickham Market Parish Council make payments by Direct Debit or Electronic Payments.
- 4.2. Two authorised signatures are required to approve each payment<sup>6</sup>.
- 4.3. The authorised signatures for the bank mandate are approved annually.

### 5. Electronic Payments Summary Process

- 5.1. A schedule requesting authorisation of all electronic payments will be signed by two authorised signatories, usually on a monthly basis towards the end of the month.
- 5.2. Using this schedule as authorisation, the RFO sets up the payments through electronic banking.
- 5.3. A second authorised signatory checks and approves these payments through electronic banking which are then processed immediately.

### 6. Reporting

- 6.1. All payments are reported to the full council at the bimonthly meetings<sup>7</sup>.
- 6.2. Individual salary payments are confidential, so this value is aggregated for reporting purposes.

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<sup>1</sup> regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation.

<sup>2</sup> 'proper practices' refers to Governance and Accountability for Local Councils - a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG)

<sup>3</sup> WMPC Financial Regulations 4.1

<sup>4</sup> WMPC Financial Regulations 4.2

<sup>5</sup> WMPC Financial Regulations 11.1 (g)

<sup>6</sup> WMPC Financial Regulations 6.4

<sup>7</sup> WMPC Financial Regulations 4.8

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### 7. Example of how a councillor may make small purchases.

- 7.1. Get prior approval for the purchase from approvers shown in 3.1. This will be a minute from the council or a committee. For Chair and Clerk, an email is required from both.
- 7.2. Arrange purchase with supplier requesting an invoice to be sent to WMPC for payment.
- 7.3. If the supplier requires immediate payment to release the goods, it is acceptable for a councillor or employee to make payment and claim it back, provided the invoice or receipt is in the name of WMPC
- 7.4. The councillor or employee then claims back the expenditure using an expenses claim form and attaching all supporting invoices or receipts.
- 7.5. Once authorised for payment, the Clerk will add this to the next monthly electronic payment run.

### 8. Extracts from WMPC adopted Financial Regulations with their paragraph numbers for reference, together with relevant extracts from the *Practitioners Guide in Purple Italic*

#### 1. General

- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 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.

*Practitioners Guide: The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the manner in which tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.<sup>8</sup>*

#### 4. Budgetary control and authority to spend

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
  - the council for all items over £5,000;
  - a duly delegated committee of the council for items up to £5,000; or
  - the RFO, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500

Contracts may not be disaggregated to avoid controls imposed by these regulations.

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee.

*Practitioners Guide: Actions during the year — An authority needs to have satisfied itself that it has not taken any decision during the year, or authorised any action, that exceeds its powers or contravenes any laws, regulations, or proper practices.<sup>9</sup>*

#### 5. Banking arrangements and authorisation of payments

- 5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council.

#### 10. Orders for work, goods and services

- 10.3. A member may not issue an official order or make any contract on behalf of the council.

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<sup>8</sup> Governance and Accountability for Local Councils - a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG)1.14

<sup>9</sup> Governance and Accountability for Local Councils - a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG)1.25