

FILLONGLEY PARISH COUNCIL FINANCIAL REGULATIONS (2024)

Contents

1. General..... 2

2. Risk management and internal control..... 3

3. Accounts and audit..... 3

4. Budget and precept..... 5

5. Procurement..... 5

6. Banking and payments 6

7. Electronic payments..... 7

8. Cheque payments 7

9. [REDACTED].....

10. [REDACTED].....

11. Payment of salaries and allowances 8

12. [REDACTED].....

13. Income..... 8

14. Payments under contracts for building or other construction works 9

15. Stores and equipment..... **Error! Bookmark not defined.**

16. Assets, properties and estates 9

17. Insurance 10

18. [Charities]..... 10

19. Suspension and revision of Financial Regulations..... 10

Appendix 1 - Tender process 11

These Financial Regulations were adopted by the council at its meeting held on [enter date]. ^{18/7/24}

[REDACTED]

Confirmed 15/5/25

[REDACTED]

1. General

- 1.1. These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.
- 1.2. Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.
- 1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.
- 1.4. In these Financial Regulations:
 - 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
 - "Approve" refers to an online action, allowing an electronic transaction to take place.
 - "Authorise" refers to a decision by the council, or a committee or an officer, to allow something to happen.
 - 'Proper practices' means those set out in *The Practitioners' Guide*
 - *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
 - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
 - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. The Clerk has been appointed as RFO and these regulations apply accordingly. 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 control systems;
 - ensures the accounting control systems are observed;
 - ensures the accounting records are kept up to date;
 - seeks economy, efficiency and effectiveness in the use of council resources; and
 - produces financial management information as required by the council.

1.6. The council must not delegate any decision regarding:

- **setting the final budget or the precept (council tax requirement);**
- **the outcome of a review of the effectiveness of its internal controls**
- **approving accounting statements;**
- **approving an annual governance statement;**
- **borrowing;**
- **declaring eligibility for the General Power of Competence; and**
- **addressing recommendations from the internal or external auditors**

1.7. In addition, the council shall:

- **determine and regularly review the bank mandate for all council bank accounts;**
- **authorise any grant or single commitment in excess of £5,000; and**

2. Risk management and internal control

2.1. The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.

2.2. At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.

2.3. The accounting control systems determined by the RFO must include measures to:

- **ensure that risk is appropriately managed;**
- **ensure the prompt, accurate recording of financial transactions;**
- **prevent and detect inaccuracy or fraud; and**
- **allow the reconstitution of any lost records;**
- **identify the duties of officers dealing with transactions and**
- **ensure division of responsibilities.**


2.4. Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

3. Accounts and audit

3.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

3.2. The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonably accuracy at any time. In particular, they must contain:



- **day-to-day entries of all sums of money received and expended by the council and the matters to which they relate;**
 - **a record of the assets and liabilities of the council;**
- 3.3. The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.
- 3.4. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.
- 3.5. **The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.**
- 3.6. **Any officer or member of the council must make available such documents and records as the internal or external auditor consider necessary for the purpose of the audit** and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary.
- 3.7. The council shall ensure that the internal auditor:
- is competent and independent of the financial operations of the council;
 - reports to council in writing, or in person, on a regular basis with a minimum of one written report during each financial year;
 - can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - has no involvement in the management or control of the council
- 3.8. Internal or external auditors may not under any circumstances:
- perform any operational duties for the council;
 - initiate or approve accounting transactions;
 - provide financial, legal or other advice including in relation to any future transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 3.9. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.
- 3.10. 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
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vouchers and display or publish any notices and documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.

- 3.11. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

4. Budget and precept

- 4.1. **Before setting a precept, the council must calculate its council tax England requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.**
- 4.2. Budgets for salaries and wages, including employer contributions shall be reviewed by the council at least annually.
- 4.3. No later than January each year, the RFO shall prepare a draft budget with detailed estimates of all receipts and payments for the following financial year, taking account of the lifespan of assets and cost implications of repair or replacement.
- 4.4. Having considered the proposed budget and forecast, the council shall determine its council tax requirement by setting a budget. The council shall set a precept for this amount no later than the end of January for the ensuing financial year.
- 4.5. **Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.6. The RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed annual budget.
- 4.7. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.

5. Procurement

- 5.1. **Members and officers are responsible for obtaining value for money at all times.**
- 5.2. Every contract shall comply with these the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.
- 5.3. **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**
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- 5.4. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation¹ regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**
- 5.5. For smaller purchases, the Clerk shall seek to achieve value for money.
- 5.6. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 5.7. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 5.8. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council.
- 5.9. In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £2,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair as soon as possible and to the council as soon as practicable thereafter.
- 5.10. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless [the council] is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.

6. Banking and payments

- 6.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the council; banking arrangements shall not be delegated to a committee. The council has resolved to bank with Unity Trust Bank. The arrangements shall be reviewed annually for security and efficiency.
- 6.2. All invoices for payment should be examined for arithmetical accuracy, analysed to the appropriate expenditure heading and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by the RFO.
- 6.3. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.
- 6.4. All payments shall be made by online banking/cheque, in accordance with a resolution of the council, unless the council resolves to use a different payment method.


¹ The Regulations require councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

6.5. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.

7. Electronic payments

- 7.1. No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.
- 7.2. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.
- 7.3. Evidence shall be retained showing which members approved the payment online
- 7.4. A full list of all payments made in a month shall be provided to the next council meeting.
- 7.5. With the approval of the council in each case, regular payments (such as gas, electricity, telephone, broadband, water, National Non-Domestic Rates, refuse collection, pension contributions and HMRC payments) may be made by variable direct debit, provided that the instructions are approved by the council.
- 7.6. Payment may be made by BACS or CHAPS by resolution of [the council] provided that each payment is approved online by [two authorised bank signatories], evidence is retained and any payments are reported to [the council] at the next meeting.
- 7.7. If approved by the council, regular payments of fixed sums may be made by banker's standing order.
- 7.8. Account details for suppliers may only be changed upon written notification by the supplier.
- 7.9. Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.

8. Cheque payments


- 8.1. Cheques or orders for payment in accordance in accordance with a resolution or delegated decision shall be signed by two members.
 - 8.2. A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.
 - 8.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.
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- 8.4. Cheques or orders for payment shall not normally be presented for signature other than at, or immediately before or after a council meeting. Any signatures obtained away from council meetings shall be reported to the council at the next convenient meeting.

9. Payment of salaries and allowances

- 9.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**
- 9.2. **Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 9.3. Salary rates shall be agreed by the council. No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without the prior consent of the council.
- 9.4. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.
- 9.5. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.
- 9.6. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook. Payroll reports will be reviewed to ensure that the correct payments have been made.
- 9.7. Any termination payments shall be supported by a report to the council, setting out a clear business case. Termination payments shall only be authorised by the full council.

10. Income

- 10.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 10.2. The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. The RFO shall be responsible for the collection of all amounts due to the council.
- 10.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council by the RFO. The council's further action shall be shown in the accounting records.
- 10.4. All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.
- 10.5. Personal cheques shall not be cashed out of money held on behalf of the council
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- 10.6. The RFO shall ensure that VAT is correctly recorded in the council's accounting software and that any VAT Return required is submitted from the software at least annually.
- 10.7. Where significant sums of cash are regularly received by the council, the RFO shall ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control record such as ticket issues, and that appropriate care is taken for the security and safety of individuals banking such cash.
- 10.8. Any income that is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting.

11. Payments under contracts for building or other construction works

- 11.1. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments, which shall be made within the time specified in the contract based on signed certificates from the architect or other consultant engaged to supervise the works.
- 11.2. Any variation of, addition to or omission from a contract must be authorised by the Clerk to the contractor in writing, with the council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

12. Assets, properties and estates

- 12.1. The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.
- 12.2. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the council, their 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.
- 12.3. 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.
- 12.4. No interest in land shall be purchased or otherwise acquired, sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law. In each case a written report shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate where required by law).

No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, except where the estimated value of any one



item does not exceed £500. In each case a written report shall be provided to council with a full business case.


13. Insurance

- 13.1. The RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the council's review of risk management.
- 13.2. The Clerk shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 13.3. The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting. The RFO shall negotiate all claims on the council's insurers in consultation with the Council.
- 13.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined [annually] by the council, or duly delegated committee.

14. Charities

- 14.1. Where the council is sole managing trustee of a charitable body the Clerk and RFO 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 and RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

15. Suspension and revision of Financial Regulations

- 15.1. The council shall review these Financial Regulations annually and following any change of clerk or RFO. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.
 - 15.2. The council may, by resolution duly notified prior to the relevant meeting of 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 presented to all members. Suspension does not disapply any legislation or permit the council to act unlawfully.
 - 15.3. The council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.
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Appendix 1 - Tender process

- 1) Any 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.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Any invitation to tender issued under this regulation shall be subject to Standing Order 10.3 and shall refer to the terms of the Bribery Act 2010.
- 4) Where 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, 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.

Confirmed 15/5/25

18/7/24