



High Coniscliffe Parish Council

FINANCIAL REGULATIONS POLICY

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1. General

- 1.1. These Financial Regulations govern the financial management of the Parish Council and may only be amended or varied by resolution of the Parish Council. They are one of the Parish Council's governing documents and shall be observed in conjunction with the Parish Council's Standing Orders.
- 1.2. Parish 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 Parish Council.
 - '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.
 - 'Must' and **bold text** refer to a statutory obligation the Parish Council cannot change.
 - 'Shall' refers to a non-statutory instruction by the Parish Council to its members and staff.
- 1.5. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. The Parish Clerk has been appointed as RFO and these regulations apply accordingly. The Parish Clerk;
 - acts under the policy direction of the Parish Council;
 - administers the Parish Council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the Parish 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 Parish Council resources; and
 - produces financial management information as required by the Parish Council.
- 1.6. **The Parish 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 Parish Council shall:

- determine and regularly review the bank mandate for all Parish Council bank accounts;
- authorise any grant or single commitment in excess of £100.

2. Risk Management and Internal Control

- 2.1. The Parish Council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**
- 2.2. The Parish Clerk shall prepare, for approval by the Parish Council, a risk management policy covering all activities of the Parish Council. This policy and consequential risk management arrangements shall be reviewed by the Parish Council at least annually.
- 2.3. When considering any new activity, the Parish Clerk shall prepare a draft risk assessment including risk management proposals for consideration by the Parish Council.
- 2.4. At least once a year, the Parish Council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 2.5. The accounting control systems determined by the Parish Clerk 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.**
- 2.6. At every Parish Council Meeting and at each financial year end, all Parish Councillors will verify bank reconciliations produced by the Parish Clerk. This activity, including any exceptions, shall be recorded in the Parish Council Meeting Minutes by the Parish Clerk.

3. Accounts and Audit

- 3.1. All accounting procedures and financial records of the Parish Council shall be determined by the Parish Clerk in accordance with the Accounts and Audit Regulations.

- 3.2. **The accounting records determined by the Parish Clerk must be sufficient to explain the Parish 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 Parish Council and the matters to which they relate;**
 - **a record of the assets and liabilities of the Parish 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 Parish Clerk shall complete and certify the annual Accounting Statements of the Parish 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 Parish Clerk shall submit them (with any related documents) to the Parish Council, within the timescales required by the Accounts and Audit Regulations.
- 3.5. **The Parish 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 Parish 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 Parish Council, supply the Parish Clerk, internal auditor, or external auditor with such information and explanation as the Parish Council considers necessary.
- 3.7. The internal auditor shall be appointed by the Parish Council and shall carry out their work to evaluate the effectiveness of the Parish Council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.
- 3.8. The Parish Council shall ensure that the internal auditor:
- is competent and independent of the financial operations of the Parish Council;
 - reports to the Parish 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 Parish Council
- 3.9. Internal or external auditors may not under any circumstances:
- perform any operational duties for the Parish 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 Parish Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 3.10. 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.
- 3.11. The Parish Clerk shall make arrangements for the exercise of electors' rights in relation to the accounts, including the opportunity to inspect the accounts, books, and 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.
- 3.12. The Parish Clerk shall, without undue delay, bring to the attention of all Parish Councillors any correspondence or report from internal or external auditors.

4. Budget and Precept

- 4.1. **Before setting a precept, the Parish Council must calculate its council tax 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 Parish Council at least annually for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Parish Clerk and the Chair of the Parish Council.
- 4.3. The Parish Clerk shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year.
- 4.4. Unspent budgets for completed projects shall not be carried forward to a subsequent year
- 4.5. The draft budget shall be considered by the Parish Council.
- 4.6. Having considered the proposed budget, the Parish Council shall determine its council tax requirement by setting a budget. The Parish Council shall set a precept for this amount no later than the end of January for the ensuing financial year.
- 4.7. **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.**
- 4.8. The Parish Clerk 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.
- 4.9. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.10. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the Parish Council.

5. Procurement

- 5.1. **Parish Councillors are responsible for obtaining value for money at all times.** Any Parish Councillor procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.
- 5.2. The Parish Clerk should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being used is reported to the meeting at which the order is authorised and also recorded in the minutes.
- 5.3. Every contract shall comply with the Parish Council's Standing Orders and these Financial Regulations, and no exceptions shall be made, except in an emergency.
- 5.4. **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.**
- 5.5. Where the estimated value is below the Government threshold, the Parish Council shall (with the exception of items listed in paragraph 5.11) obtain prices as follows:
- 5.6. For contracts estimated to exceed [£60,000] including VAT, the Parish Clerk shall seek formal tenders from three suppliers agreed by the Parish Council.
- 5.7. **For contracts estimated to be over £30,000 including VAT, the Parish 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.**
- 5.8. For all contracts the Parish Clerk shall seek three fixed-price quotes or estimates which might include evidence of online prices, or recent prices from regular suppliers.
- 5.9. For smaller purchases, the Parish Clerk shall seek to achieve value for money.
- 5.10. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 5.11. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:
- i. specialist services, such as legal professionals acting in disputes;
 - ii. repairs to, or parts for, existing machinery or equipment;
 - iii. works, goods or services that constitute an extension of an existing contract;
 - iv. goods or services that are only available from one supplier or are sold at a fixed price.
- 5.12. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the Parish Council. Avoidance of competition is not a valid reason.

5.13. The Parish Council shall not be obliged to accept the lowest or any tender, quote or estimate.

5.14. Individual purchases within an agreed budget for that type of expenditure may be authorised by:

- the Parish Clerk, in consultation with the Chair of the Parish Council for any items below £100 excluding VAT.
- the Parish Council for all items over £100.

Such authorisation must be supported by a minute in the case of Parish Council decisions or other auditable evidence trail.

5.15. No individual member, or informal group of members may issue an official order or make any contract on behalf of the Parish Council.

5.16. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the Parish Council except in an emergency.

5.17. In cases of serious risk to the delivery of Parish Council services the Parish Clerk, in consultation with the Chair, may authorise expenditure of up to £100 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 Parish Clerk and the Chair shall report such action to the Parish Council as soon as practicable thereafter.

5.18. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the Parish Council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.

5.19. 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, along with evidence of receipt of goods.

6. Banking and Payments

6.1. The Parish Council's banking arrangements, including the bank mandate, shall be made by the Parish Clerk and authorised by the Parish Council. The Parish Council has resolved to bank with Nat West. The arrangements shall be reviewed annually for security and efficiency.

6.2. The Parish Council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in any payment, for example by dual online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow the funds to leave the Parish Council's bank.

6.3. 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 Parish Council before being certified by the Parish Clerk.

- 6.4. 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.
- 6.5. All payments shall be made by cheque in accordance with a resolution of the Parish Council.
- 6.6. The Parish Clerk shall have delegated authority to authorise payments in the following circumstances:
 - i. any payments of up to £100 excluding VAT, within an agreed budget.
- 6.7. The Parish Clerk shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the Parish Council. The Parish 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. Cheque Payments

- 7.1. Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two members.
- 7.2. 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.
- 7.3. 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.

8. Payment of Salaries and Allowances

- 8.1. **As an employer, the Parish Council must make arrangements to comply with the statutory requirements of PAYE legislation.**
- 8.2. **Parish Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 8.3. Salary rates shall be agreed by the Parish 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 Parish Council.
- 8.4. 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.
- 8.5. 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.
- 8.6. 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 by the Parish Council to ensure that the correct payments have been made.

- 8.7. Any termination payments shall be supported by a report to the Parish Council, setting out a clear business case. Termination payments shall only be authorised by the full Parish Council.

9. Loans and investments

- 9.1. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full Parish Council and recorded in the minutes. All borrowing shall be in the name of the Parish Council, after obtaining any necessary approval.
- 9.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year) must be authorised by the full Parish Council, following a written report on the value for money of the proposed transaction.
- 9.3. The Parish Council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Parish Council at least annually.
- 9.4. All investment of money under the control of the Parish Council shall be in the name of the Parish Council.
- 9.5. All investment certificates and other documents relating thereto shall be retained in the custody of the Parish Clerk.
- 9.6. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

10. Income

- 10.1. The collection of all sums due to the Parish Council shall be the responsibility of and under the supervision of the Parish Clerk.
- 10.2. The Parish 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 Parish Clerk. The Parish Clerk shall be responsible for the collection of all amounts due to the Parish Council.
- 10.3. Any sums found to be irrecoverable, and any bad debts shall be reported to the Parish Council by the Parish Clerk and shall be written off in the year. The Parish Council's approval shall be shown in the accounting records.
- 10.4. All sums received on behalf of the Parish Council shall be deposited intact with the Parish Council's bankers, with such frequency as the Parish Clerk 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 Parish Council.

11. Payments Under Contracts For Building or Other Construction Works

11.1. Where contracts provide for payment by instalments the Parish Clerk 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 Parish Clerk to the contractor in writing, with the Parish 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. Stores and Equipment

12.1. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

13. Assets, Properties and Estates

13.1. The Parish Clerk 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 Parish 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.

13.2. 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.

13.3. No interest in land shall be purchased or otherwise acquired, sold, leased or otherwise disposed of without the authority of the Parish Council, together with any other consents required by law.

No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Parish Council, together with any other consents required by law, except where the estimated value of any one item does not exceed £100. In each case a written report shall be provided to Parish Council with a full business case.

14. Insurance

14.1. The Parish Clerk shall keep a record of all insurances effected by the Parish Council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the Parish Council's review of risk management.

14.2. The Parish Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

14.3. The Parish Clerk shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the Parish Council at the next available meeting. The Parish Clerk shall negotiate all claims on the Parish Council's insurers.

14.4. All appropriate members and employees of the Parish 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 Parish Council.

15. Suspension and Revision Of Financial Regulations

- 15.1. The Parish Council shall review these Financial Regulations annually and following any change of the Parish Clerk. The Parish Clerk shall monitor changes in legislation or proper practices and advise the Parish Council of any need to amend these Financial Regulations.
- 15.2. The Parish Council may, by resolution duly notified prior to the relevant meeting of the 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 presented to all members. Suspension does not disapply any legislation or permit the Parish Council to act unlawfully.
- 15.3. The Parish 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.

Appendix 1 - Tender process

- 1) Any invitation to tender shall state the general nature of the intended contract and the Parish 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 Parish Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the Parish Council.
- 3) Where a postal process is used, 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. All sealed tenders shall be opened at the same time on the prescribed date by the Parish Clerk in the presence of at least one member of council.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
- 6) 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.