Kirkby Fleetham with Fencotes Parish Council

Council Financial Regulations

Date of Adoption: Jul 2026

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1. General

a. These Financial Regulations govern the Council's financial management and may only be amended or varied by a resolution of the Council. They are one of the Council's governing documents and shall be observed with its Standing Orders.

b. 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.

c. Wilful breach of these regulations by an employee may result in disciplinary proceedings.

d. In these Financial Regulations:

    i. '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.

    ii. "Approve" refers to an online action allowing an electronic transaction.

    iii. "Authorise" refers to a decision by the Council, a committee, or an officer to allow something to happen.

    iv. 'Proper practices' means those set out in The Practitioners' Guide

    v. 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.

    vi. 'Must' and **bold text** refer to a statutory obligation the Council cannot change.

    vii. 'Shall' refers to a non-statutory instruction by the Council to its members and staff.

e. The Clerk has been appointed as RFO, and these regulations apply accordingly. The RFO;

    i. Acts under the policy direction of the Council;

    ii. Administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;

iii. Determines, on behalf of the Council, its accounting records and control systems;
iv. Ensures the accounting control systems are observed;
v. Ensures the accounting records are kept up to date;
vi. Seeks economy, efficiency and effectiveness in the use of Council resources and
vii. Produces financial management information as required by the Council

f. **The Council must not delegate any decision regarding:**
   i. **Setting the final budget or the precept (Council tax requirement);**
   ii. **The outcome of a review of the effectiveness of its internal controls**
   iii. **Approving accounting statements;**
   iv. **Approving an annual governance statement;**
   v. **Borrowing;**
   vi. **Declaring eligibility for the General Power of Competence; and**
   vii. **Addressing recommendations from the internal or external auditors**

g. In addition, the Council shall:
   i. Determine and regularly review the bank mandate for all Council bank accounts;
   ii. Authorise any grant or single commitment and
   iii. When considering the annual salary of an employee, refer to the recommendations regarding employee salaries made by the relevant committee in its terms of reference.

2. Risk Management and Internal Control

a. **The Council must ensure a sound internal control system that delivers effective financial, operational, and risk management.**

b. The Clerk shall prepare a risk management policy covering all Council activities for approval by the Council. The Council shall review this policy and consequential risk management arrangements annually.

c. When considering any new activity, the Clerk prepares a draft risk assessment, including risk management proposals, for the Council to consider.

d. **The Council must review the effectiveness of its internal control system at least once a year, before approving the Annual Governance Statement.**

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

   i. **ensure that risk is appropriately managed;**

   ii. **ensure the prompt, accurate recording of financial transactions;**

   iii. **prevent and detect inaccuracy or fraud, and**

   iv. **allow the reconstitution of any lost records;**

   v. **identify the duties of officers dealing with transactions and**

   vi. **ensure division of responsibilities.**

f. A member other than the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO regularly and at the end of each financial year. The member shall sign and date the reconciliations and the original bank statements (or similar documents) as evidence. This activity, including any exceptions, shall be reported to and noted by the Council.

g. Regular backup copies of the records on any Council computer shall be made and stored either online or in a separate location from the computer. The Council shall implement measures to ensure that access to any Council computer is not lost if an employee leaves or is incapacitated.

3. Accounts and Audit

a. The RFO shall determine all the Council's accounting procedures and financial records in accordance with the Accounts and Audit Regulations.

b. **The accounting records determined by the RFO must sufficiently explain the Council's transactions and disclose its financial position with reasonable accuracy at any time. In particular, they must contain:**

   i. **Day-to-day entries of all sums of money received and expended by the Council and the matters to which they relate;**

   ii. **A record of the assets and liabilities of the Council;**

c. The accounting records shall facilitate the efficient preparation of the accounting statements for the Annual Governance and Accountability Return.

d. The RFO shall complete and certify the Council's annual Accounting Statements 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.

e. **The Council must ensure an adequate and effective internal audit system for its accounting records and internal control system in accordance with proper practices.**
f. **Any officer or member of the Council must make available to the internal or external auditor any documents and records that the auditor considers necessary for the audit.** The Council shall, as directed, supply the RFO, internal auditor, or external auditor with any information and explanation that the Council considers necessary.
g. The Council shall appoint the internal auditor and shall carry out their work to evaluate the effectiveness of the Council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.
h. The Council shall ensure that the internal auditor:
    i. Is competent and independent of the financial operations of the Council;
    ii. Reports to the Council in writing or in person regularly, with a minimum of one written report during each financial year;
    iii. Can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships and
    iv. Has no involvement in the management or control of the Council
i. Internal or external auditors may not, under any circumstances:
    i. Perform any operational duties for the Council;
    ii. Initiate or approve accounting transactions;
    iii. Provide financial, legal or other advice, including in relation to any future transactions or
    iv. Direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
j. To avoid doubt, the terms 'independent' and 'independence' shall have the same meaning in relation to internal audit as described in The Practitioners Guide.
k. The RFO shall make arrangements for 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.

l. 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

a. **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.**

b. No, later than November each year, the RFO shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year.

c. The draft budget forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the Council.

d. Having considered the proposed budget and forecast, the Council shall determine its budget requirement by setting a budget. The Council shall set a precept for this amount by the end of January for the ensuing financial year.

e. **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 disclose at the start of the meeting that Section 106 applies to them.**

f. The RFO shall i**ssue the precept to the billing authority by the end of February** and supply each member with a copy of the agreed annual budget.

g. The agreed-upon budget provides a basis for monitoring progress during the year by comparing actual spending and income against the planned amounts.

h. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the Council.

5. Procurement

a. **Members and officers are responsible for obtaining value for money at all times.** Any officer 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.

b. The RFO should verify the lawful nature of any proposed purchase before it is made. In the case of new or infrequent purchases, the RFO should ensure that the legal power being used is reported to the meeting at which the order is authorised and recorded in the minutes.
c. Every contract shall comply with the Council's Standing Orders and these Financial Regulations, and no exceptions shall be made except in an emergency.
d. **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the complete 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.**
e. Where the estimated value is below the Government threshold, the Council shall (except for items listed in paragraph 6.12) obtain prices as follows:
f. For contracts estimated to exceed £25,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the Council. Tenders shall be invited per Appendix 1.
g. **For contracts estimated to be over £30,000, including VAT, the Council must comply with any requirements of the Legislation# regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**
h. For contracts greater than £3,000 excluding VAT, the Clerk shall seek at least three fixed-price quotes;
i. where the value is between £500 and £3,000 excluding VAT, the Clerk shall try to obtain three estimates, which might include evidence of online prices or recent prices from regular suppliers.
j. For smaller purchases, the Clerk shall seek to achieve value for money.
k. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
l. 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 are only available from one supplier or sold at a fixed price.

m. 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 Council. Avoidance of competition is not a valid reason.

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

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

    i. Under the delegated authority, the Clerk is responsible for items below £500, excluding VAT.

    ii. The Clerk, in consultation with the Chair of the Council, for any items below £2,000 excluding VAT.

    iii. The Council for all items over £5,000;

   Such authorisation must be supported by a minute in the case of the Council.

p. Individual members or informal groups of members may only issue an official order if instructed to do so in advance by a resolution of the Council, or enter into any contract on behalf of the Council.

q. No expenditure may be authorised to exceed the budget for that type of expenditure other than by resolution of the Council or a duly delegated committee acting within its Terms of Reference, except in an emergency.

r. In cases of serious risk to the delivery of Council services or public safety on Council premises, the clerk may authorise the expenditure of up to £2,000 excluding VAT on repair, replacement or other work that, in their judgment, 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.

s. No expenditure shall be authorised, no contract entered into or tender accepted on any significant 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.

t. An official order or letter shall be issued for all work, goods and services above £500, excluding VAT, 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.

u. Any ordering system can be misused, and the RFO shall control access to them.

6. Banking and Payments

a. The RFO shall raise the Council's banking arrangements after the Council approves them, including the bank mandate. Banking arrangements shall not be delegated to a committee. The arrangements shall be reviewed for security and efficiency.

b. The Council must have safe and efficient payment arrangements to safeguard against fraud or error. More than one person must 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 permitted, and only authorised payments shall be approved or signed to allow the funds to leave the Council's bank.

c. 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.

d. Personal payments (including salaries, wages, expenses, and any payments made in connection with the termination of employment) may be summarised to avoid disclosing personal information.

e. All payments shall be made by online banking or cheque, following a resolution of the Council, unless the Council resolves to use a different payment method.

f. To reduce the risk of duplicate payments, a copy of the payment schedule shall be signed by two members on every payment occasion.

g. The Clerk, in conjunction with the Chairman and one other councillor (a signatory on the bank account), shall have delegated authority to authorise payments in the following circumstances:

    i. Any payments of up to £500, excluding VAT, within an agreed budget.

    ii. Payments of up to £2,000 excluding VAT, in cases of serious risk to the delivery of Council services or public safety on Council premises.

    iii. Any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998 or to comply with contractual terms, where the due date for payment is before the next scheduled meeting of the Council, where the Clerk certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

iv. Fund transfers within the Council's banking arrangements up to the sum of £10,000, provided that a list of such payments is submitted to the next appropriate meeting of the Council.

h. The RFO shall present a schedule of payments requiring authorisation, forming part of the meeting agenda, together with the relevant invoices, to the Council. The Council or committee shall review the compliance schedule and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initiated 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 meeting minutes.

7. Electronic Payments

a. Where Internet banking arrangements are made with any bank, the RFO shall be appointed Service Administrator. The bank mandate agreed upon by the Council shall identify any Councillor who will be authorised to approve transactions on those accounts. A minimum of two people will be involved in any online approval process. All authorised signatories shall have access to the Council's bank accounts online.

b. 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.

c. The Service Administrator shall set up all items due for payment online. A list of approval payments and copies of the relevant invoices shall be emailed to the chosen two authorised signatories.

d. In the prolonged absence of the Service Administrator, an authorised signatory shall set up any payments due before the Service Administrator's return.

e. Two Councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.

f. Evidence showing which members approved the payment online shall be retained, and a printout of the transaction confirming that the payment has been made shall be appended to the invoice for audit purposes.

g. A complete list of all payments made in a month shall be provided at the next council meeting and appended to the minutes.
h. 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 signed or approved online by two authorised Councillors. Approval of each variable direct debit shall be reviewed by the Council at least every two years.
i. 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. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council at least every two years.
j. If thought appropriate by the Council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed or approved online by two Councillors, evidence of this is retained, and any payments are reported to Council when made. Approval of a banker's standing order shall be reviewed by the Council at least every two years.
k. Account details for suppliers may only be changed upon written notification by the supplier, verified by the Clerk and the Chair. This is a potential area for fraud, and individuals involved should ensure that any changes are genuine. Data held should be checked with suppliers every two years.
l. 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.
m. Remembered password facilities other than secure password stores requiring separate identity verification should not be used on any computer for Council banking.

8. Cheque Payments

a. Two Councillors shall sign cheques or orders for payment under a resolution or delegated decision.
b. 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.
c. The signatories shall also initial the cheque counterfoil and invoice to

indicate agreement with the details on the cheque as stated on the counterfoil and the invoice or similar documentation.

d. Cheques or orders for payment shall not usually be presented for signature, except at, or immediately before or after, a Council meeting. Any signatures obtained outside of Council meetings shall be reported to the Council at the next available meeting.

9. Payment Cards

a. Any Debit Card issued for use will be restricted explicitly to the RFO and limited to a single transaction with a maximum value of £500 unless authorised by the Council or finance committee in writing before placing any order.

b. Any corporate credit card or trade card account opened by the Council will be expressly restricted to the Clerk's use, and any balance shall be paid in full each month.

c. Members of staff's personal credit or debit cards shall not be used except for expenses of up to £500, including VAT.

10. Petty Cash

a. The Council will not maintain any form of cash float. All cash received must be banked in its entirety. The Clerk's cash payments (for example, for postage or minor stationery items) shall be refunded regularly, at least quarterly.

11. Code of Conduct and Dispensations

a. As an employer, the Council must make arrangements to comply with the statutory requirements of PAYE legislation.

b. Councillors' allowances (where paid) are also liable to tax deductions under PAYE rules and must be taxed correctly before payment.

c. The Council shall agree on salary rates. No changes shall be made to any employee’s gross pay, emoluments, or employment terms and conditions without the Council's consent.

d. Salaries shall be paid on the dates stipulated in employment contracts after deducting tax, national insurance, pension contributions, and similar statutory or discretionary deductions.

e. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided each payment is reported, as set out in these regulations above.

f. Each payment of net salary to employees and the corresponding creditor for statutory and discretionary deductions shall be recorded in a payroll control account or other confidential record, with the total of such payments for each calendar month reported in the cashbook. Payroll reports will be reviewed to ensure correct payments are made.
g. Any termination payments shall be supported by a report to the Council, establishing a clear business case. Termination payments shall only be authorised by the whole Council.
h. Before employing interim staff, the Council must consider the entire business case.

12. Loans and Investments

a. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the whole Council and recorded in the minutes. After obtaining any necessary approval, all borrowing shall be in the name of the Council.
b. 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 whole Council, following a written report on the value for money of the proposed transaction.
c. The Council shall consider the Investment Strategy and Policy requirement in accordance with the Statutory Guidance on Local Government Investments. The strategy and policy must be written in accordance with relevant regulations, proper practices, and guidance. The council shall review any strategy and Policy at least annually.
d. All investments of money under the control of the Council shall be in the name of the Council.
e. All investment certificates and other documents relating to it shall be retained in the custody of the RFO.
f. Payments for short-term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

13. Income

a. The RFO is responsible for and supervises the collection of all sums due to the Council.

b. The Council will review all fees for work done, services provided, or goods sold at least annually following the Clerk's report as part of the budget-setting process. The RFO shall be responsible for collecting all amounts due to the Council.

c. Any sums that are irrecoverable and bad debts shall be reported to the Council by the RFO and written off in the year. The Council’s approval shall be shown in the accounting records.

d. 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 be recorded on the paying-in slip or other record.

e. Personal cheques shall not be cashed out of money held on behalf of the Council.

f. Any repayment claim under section 33 of the VAT Act 1994 shall be made quarterly where the claim exceeds £100 and at least annually at the end of the financial year.

g. Where the Council regularly receives significant sums of cash, 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.

14. Payments Under Contracts for Building Or Other Construction Works

a. 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 in supervising the work.

b. Any variation, 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 where it is likely to exceed the budget available.

15. Assets, Properties and Estates

a. The Clerk shall arrange for the safe custody of all title deeds and Land Registry Certificates of the Council's properties.

b. 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.

c. 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.

d. 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 the Council regarding the 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).

e. No tangible movable 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. A written report shall be provided to the Council, detailing the entire business case, in each instance.

16. Insurance

a. he RFO shall maintain a record of all insurance policies effected by the Council, including the property and risks covered, and review these annually before the renewal date in conjunction with the Council's risk management review.

b. 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 meeting. The RFO shall negotiate all claims on the Council's insurers.

c. 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.

17. Suspension and Revision of Financial Regulations

a. The Council shall review these Financial Regulations annually and follow any changes made by the Clerk. The Clerk shall monitor legislation or changes in proper practices and advise the Council of any need to amend these Financial Regulations.

b. The Council may suspend any part of these Financial Regulations by resolution duly notified before the relevant meeting of the Council, 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 disapprove any legislation or permit the Council to act unlawfully.

c. 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..

18. Appendix 1 - Tender process

a. 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 for appropriate cases.

b. The invitation shall also state that tenders must be addressed to the Clerk during the period unless the Council has agreed on an electronic tendering process.

c. Where a postal process is used, each tendering firm shall be supplied with a specifically marked envelope in which the tender will 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 Clerk in the presence of at least one member of the Council.

d. Where an electronic tendering process is used, the Council shall use a specific email address that will be monitored to ensure that no one accesses any tender before the submission deadline has expired.

e. Any invitation to tender issued under this regulation shall be subject to Standing Order 17 and shall refer to the terms of the Bribery Act 2010.

f. 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 which was present when the original decision-making process was being undertaken.