Edenham, Grimsthorpe, Scottlethorpe & Elsthorpe Parish Council

Financial Regulations

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. Edenham Parish Council have appointed the Clerk as RFO and these regulations apply accordingly. The Clerk;

- 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:

- at each meeting determine and review the council bank accounts, statements and payments;
- authorise payments for the coming months that fall between the next meeting.

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. The Clerk shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.

2.3. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration by the council.

2.4. **At least once a year, the 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 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 each meeting, and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the Clerk. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.

2.7. 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 Clerk in accordance with the Accounts and Audit Regulations.

3.2. **The accounting records determined by the Clerk 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 Clerk 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 Clerk 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 Clerk, internal auditor, or external auditor with such information and explanation as the council considers necessary.

3.7. The internal auditor shall be appointed by the council 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.

3.8. 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
- is not involved in the management or control of the council

3.9. 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.

3.10. 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 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 Clerk 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)/budget (Wales)] 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 for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the Council.

4.3. No later than November each year, the Clerk shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year, taking account of the lifespan of assets and cost implications of repair or replacement.

4.4. Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for partially completed projects may only be carried forward by placing them in an earmarked reserve with the formal approval of the full council.

4.5. The draft budget forecast will be reviewed at the November meeting each year.

4.6. Any recommendations for the use or accumulation of reserves, shall be considered by the council during the November meeting as part of the review of the draft budget .

4.7. Having considered the proposed budget and forecast, the council shall determine its council tax (England)/budget (Wales) requirement by setting a budget. The council shall set a precept for this amount during the January meeting for the ensuing financial year.

4.8. **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.**

4.9. The Clerk shall **issue the precept to the billing authority no later than the date confirmed by the authority,** and supply each member with a copy of the agreed annual budget.

4.10. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.

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

5. Procurement

5.1. **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.

5.2. The 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 these the 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 Procurement Act 2023 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 council shall (with the exception of items listed in paragraph 5.12) obtain prices as follows:

5.6. For contracts estimated to exceed [£60,000] including VAT, the Clerk shall {seek formal tenders from at least [three] suppliers agreed by [the council]} OR {advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation}. Tenders shall be invited in accordance with Appendix 1.

5.7. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.**

5.8. For contracts greater than £3,000 excluding VAT the Clerk shall where possible seek at least 3 fixed-price quotes;

5.9. where the value is between £500 and £3,000 excluding VAT, the Clerk shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.

5.10. For smaller purchases, the Clerk shall seek to achieve value for money.

5.11. **Contracts must not be split into smaller lots to avoid compliance with these rules.**

5.12. 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.

5.13. 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.

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

5.15. All purchases and payments will be agreed during Council meetings by the Members and will be recorded in the minutes as expenditure.

5.16. 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.

5.17. No expenditure may be authorised that will 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.

5.18. 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.

5.19. An official order or letter shall be issued for all work, goods and services above [£250] 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.

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

5.21. 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.

5.22. Copies of orders shall be retained, along with evidence of receipt of goods.

6. Banking and payments

6.1. The council's banking arrangements, including the bank mandate, shall be made by the Clerk and authorised by the council; banking arrangements shall not be delegated to a committee. The council has resolved to bank with Lloyds Bank. The arrangements shall be reviewed annually for security and efficiency.

6.2. The 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 council's bank

6.3. At each council meeting 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 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 online banking, in accordance with a resolution of the council.

6.6. The Clerk shall have delegated authority to authorise payments only in the following circumstances:

i. any payments of up to £100 excluding VAT, within an agreed budget.

ii. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998, 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.

iii. Fund transfers within the councils banking arrangements up to the sum of £500, provided that a list of such payments shall be submitted to the next appropriate meeting of council.

6.7. The Clerk 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. A detailed list of all payments shall be disclosed within the minutes of that meeting.

7. Electronic payments

7.1. Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify two councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.

7.2. All authorised signatories shall have access to view the council's bank accounts online.

7.3. 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.

7.4. A list of payments for approval shall be listed as part of the agenda and copies of the relevant invoices, shall be available at the council meetings. The Service Administrator shall set up the online payment for approval by one of the authorised signatories once they have been resolved for payment at a council meeting.

7.5. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.

7.6. Evidence shall be retained showing which members approved the payment online and a printout of the transaction confirming that the payment this shall be appended to the invoice for audit purposes.

7.7. A full list of all payments made in a month shall be provided to the next council meeting and appended to the minutes.

7.8. Payment may be made by BACS 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 shall be renewed by resolution of the council at least every two years.

7.9. Account details for suppliers may only be changed upon written notification by the supplier verified the Clerk and a member of the Council. This is a potential area for fraud and the individuals involved should ensure that any change is genuine.

7.10. 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.

7.11. Remembered password facilities other than secure password stores requiring separate identity verification should not be used on any computer used for council banking.

8. Cheque payments

8.1. The Council no longer use cheques as a payment method.

9. Payment cards

9.1. The Council do not authorise payment cards.

10. Petty Cash

10.1. The Council will not maintain any form of cash float.

11. Payment of salaries and allowances

11.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**

11.2. 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.

11.3. Salaries payments will be paid on a quarterly basis via the HMRC PAYE system, this includes any deductions for of tax, national insurance etc.

11.4. All salary payments will be recorded in the accounting system on a quarterly basis.

11.5. 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.

12. Loans and investments

12.1 The Council do not have capacity to undertake loans or any investments

13. Income

13.1. Currently the only income received by the council is from South Kesteven District Council (SKDC), this includes the annual Precept and Community Street cleaning grant (twice per year). The payments are received directly into the council's bank account and the Clerk monitors when payments have been made and reports these at the council meetings.

13.2. The council will review all fees and charges for work done, services provided, at least annually as part of the budget-setting process, following a report of the Clerk. The Clerk shall be responsible for the collection of all amounts due to the council.

13.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council by the Clerk and shall be written off in the year. The council's approval shall be shown in the accounting records.

13.4. The Clerk shall ensure that VAT is correctly recorded in the council's accounting systems and any repayment claim under section 33 of the VAT Act 1994 shall be made at least annually at the end of the financial year.

14. Payments under contracts for building or other construction works

14.1 The Council do not own or lease any buildings, and have capacity for construction works

15. Stores and equipment

15.1. The Council do not currently have any stores or equipment.

16. Assets, properties and estates.

16.1. The Council do not currently have any properties or estates.

16.2. The Clerk shall ensure that an appropriate and accurate Register of Assets in accordance with Accounts and Audit Regulations.

16.3. 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.

17. Insurance

17.1. The Clerk 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.

17.2. The Clerk shall give prompt notification to the council of all new risks, properties which require to be insured and of any alterations affecting existing insurances.

17.3. The Clerk 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 Clerk shall negotiate all claims on the council's insurers.

17.4. 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.

18. Charities

18.1. The Council does not manage any charities.

19. Suspension and revision of Financial Regulations

19.1. **The council shall review these Financial Regulations annually and following any change of Clerk. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.**

19.2. 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.

19.3 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.

These Financial Regulations have been reviewed and adopted at the Parish Council meeting 8th September 2026 Agenda item 3/14/2