

Penton Grafton Parish Council

Financial Regulations 2026

Adopted by Penton Grafton Parish Council on 8 September 2026 Minute Ref:0926/7

Contents

1. Annual Compliance Checklist
2. General
3. Risk Management and Internal Control
4. Accounts and Audit
5. Budget and Precept
6. Procurement
7. Banking and Payments
8. Payment Authorisation
9. Electronic Payments
10. Cheque Payments
11. Payment Cards
12. Petty Cash
13. Payment of Salaries and Allowances
14. Loans and Investments
15. Income
16. Payments Under Contracts for Building or Construction Works
17. Stores and Equipment
18. Assets, Properties and Estates
19. Insurance
20. Suspension and Revision of Financial Regulations
21. Delegation and Authorisation
22. Transparency and Reporting
23. Data Protection and Confidentiality
24. Internal Audit
25. Contracts
26. Financial Reporting
27. Training and Competence

Appendix 1 – Tender Process

1. Annual Compliance Checklist

- * Approve the annual budget and set the precept within the required timetable.
- * Review internal controls, risk management arrangements, insurance cover, bank mandate and authorised signatories at least annually.
- * Approve the Annual Governance and Accountability Return, accounting statements, audit arrangements and any auditor recommendations.
- * Review these Financial Regulations annually and following any change of Clerk or RFO.

2. General

These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They shall be observed alongside the council's Standing Orders.

Councillors must follow these regulations and must not entice employees to breach them.

Wilful breach by an employee may result in disciplinary action.

Definitions include:

* **Accounts and Audit Regulations** – Regulations issued under the Local Audit and Accountability Act 2014.

* **Approve** – Online action enabling an electronic transaction.

* **Authorise** – A council or delegated officer decision allowing an action.

* **Proper practices** – As set out in the JPAG Practitioners' Guide.

* **Must** – Statutory obligation.

* **Shall** – Council instruction.

The Responsible Financial Officer (RFO) is appointed by the council and must:

* Administer financial affairs in accordance with legislation and proper practices.

* Maintain accounting records and control systems.

* Ensure prompt and accurate financial recording.

* Seek economy, efficiency and effectiveness.

* Provide financial information as required.

The council must not delegate decisions relating to:

* Final budget or precept.

* Review of internal controls.

* Approval of accounting statements or governance statements.

* Borrowing.

* Eligibility for the General Power of Competence.

* Auditor recommendations.

The council shall:

* Review bank mandates regularly.

* Authorise any grant or commitment over £5,000.

3. Risk Management and Internal Control

The council must maintain a sound system of internal control covering financial, operational and risk management.

The Clerk/RFO shall prepare a risk management policy annually and draft risk assessments for new activities.

A member (not the Chair) shall verify bank reconciliations quarterly and at year end.

Regular backups of council computer records must be maintained.

4. Accounts and Audit

The RFO determines accounting procedures in accordance with the Accounts and Audit Regulations.

Records must:

* Explain transactions clearly.

* Record assets and liabilities.

* Support preparation of the AGAR.

The RFO shall complete and certify the annual Accounting Statements and submit them within statutory timescales.

Internal audit must be adequate, effective, independent and competent.

Auditors may not:

- * Perform operational duties.
- * Approve transactions.
- * Provide financial or legal advice.
- * Direct staff except where assigned.

The RFO must ensure electors' rights to inspect accounts and publish required notices.

5. Budget and Precept

The council must set its council tax requirement annually.

Salary budgets must be reviewed each October.

The RFO prepares a draft budget by November each year.

Unspent budgets for completed projects shall not be carried forward unless placed in earmarked reserves.

The council must set the precept by January.

Members with unpaid council tax (over two months) may not vote on the budget.

6. Procurement

Value for money must be achieved at all times.

The RFO must verify the legal power for purchases.

Contracts must comply with Standing Orders and these Regulations.

Where values exceed Government thresholds, the Procurement Act 2023 and Procurement Regulations 2024 apply.

Below threshold:

- * Over £30,000 (incl. VAT): formal tenders from at least three suppliers.
- * Over £3,000 (excl. VAT): three fixed-price quotes.
- * £500–£3,000 (excl. VAT): three estimates where practicable.
- * Under £500: value for money sought.

Contracts must not be split to avoid rules.

Exceptions apply for specialist services, repairs, contract extensions, and sole suppliers.

Authorisation limits:

- * Clerk/RFO up to £1,000 within budget.
- * Clerk/RFO with Chair for urgent items up to £1,000.
- * Council for all items over £1,000.

7. Banking and Payments

Only authorised individuals may issue orders or contracts.

The Clerk may authorise emergency expenditure up to £2,000.

Official orders must be issued for purchases over £500.

Banking arrangements must be reviewed annually.

Payments must be authorised separately from purchases.

Invoices must be verified and certified by the RFO.

Payments may be summarised to protect personal data.

Regular payments may be pre-authorised annually.

Delegated payment authority:

- * Up to £1,000 within budget.
- * Up to £2,000 for urgent safety-related matters.
- * Payments required before next meeting to avoid penalties.
- * Bank transfers up to £10,000.

8. Payment Authorisation

The RFO presents a schedule of payments with invoices. Council authorises by resolution. The schedule must be initialled by the Chair and included in the minutes.

9. Electronic Payments

Online banking requires dual authorisation.

The RFO is the Service Administrator.

Two authorised signatories must approve each payment.

Evidence of approvals must be retained.

Regular payments may be made by direct debit, BACS or CHAPS with council approval.

Supplier account changes must be verified.

Computers used for financial work must have adequate security.

10. Cheque Payments

Cheques must be signed by two members.

Signatories with a conflict of interest should not sign.

Counterfoils and invoices must be initialled.

Any signatures obtained outside meetings must be reported.

11. Payment Cards

Debit cards may only be issued to the Clerk/RFO and limited to £500 per transaction unless authorised.

Pre-paid cards may be issued with limits set by council.

Corporate credit cards must be paid in full monthly.

Personal cards may only be used for expenses up to £250.

12. Petty Cash

The council will not maintain a cash float.

Cash received must be banked intact.

Small cash payments made by the Clerk/RFO shall be refunded quarterly.

13. Payment of Salaries and Allowances

The council must comply with PAYE.

Salary rates must be agreed by council.

Payments must be made on contracted dates.

Deductions must be paid within statutory timescales.

Payroll reports must be reviewed monthly.

Termination payments require a full business case and council approval.

14. Loans and Investments

Borrowing requires Government approval and full council authorisation.

Hire purchase or leasing arrangements require a value-for-money report.

Investment Strategy must comply with statutory guidance and be reviewed annually.

All investments must be in the council's name.

15. Income

The RFO is responsible for collection of all sums due.

Fees and charges must be reviewed annually.

Bad debts must be reported and written off with council approval.

All receipts must be banked intact.

Personal cheques must not be cashed.

VAT repayment claims must be made annually.

16. Payments Under Contracts for Building or Construction Works

Payments must comply with contract terms and be verified before release.

17. Stores and Equipment

The RFO shall maintain proper records of stores and equipment.

18. Assets, Properties and Estates

The council shall maintain an asset register reviewed annually.

19. Insurance

The council must maintain adequate insurance cover reviewed annually.

20. Suspension and Revision of Financial Regulations

The council may suspend these regulations by resolution.

They must be reviewed annually.

21. Delegation and Authorisation

The council shall specify delegation arrangements for financial decisions, including limits for officers and committees.

Delegated authority must be documented and reviewed regularly.

22. Transparency and Reporting

The council shall comply with transparency requirements, including publishing financial information and responding to public enquiries.

Annual reports on financial performance shall be presented to the council.

23. Data Protection and Confidentiality

The council shall ensure compliance with data protection laws in handling financial information.

Confidential information must be securely stored and only accessible to authorised personnel.

24. Internal Audit

The council shall appoint an independent internal auditor who shall review the council's financial systems and controls at least annually.

The internal auditor shall report findings to the council and recommend improvements.

The council shall ensure that internal audit is effective and complies with proper practices.

25. Contracts

All contracts shall be in writing and comply with procurement regulations.

Contracts over £30,000 shall require formal tendering.

The council shall maintain a contracts register.

Contract variations must be authorised and documented.

26. Financial Reporting

The RFO shall prepare monthly financial reports for the council.

Reports shall include budget monitoring, bank reconciliations, and explanations of variances.

The council shall review and approve financial reports regularly.

27. Training and Competence

The council shall ensure that councillors and staff involved in financial management receive appropriate training.

Training needs shall be assessed annually.

The council shall promote competence in financial matters to ensure compliance and good governance.