

# FEATHERSTONE PARISH COUNCIL

Northumberland

## FINANCIAL REGULATIONS

*Based on the NALC Model Financial Regulations (2019 edition)*

<b>Adopted</b>	May 2026
<b>Next Review</b>	May 2027
<b>Minute Ref</b>	25/26.05
<b>Version</b>	1.0

Clerk to the Council  
Featherstone Parish Council, Northumberland

## 1. General

1. These Financial Regulations govern the conduct of the financial transactions of Featherstone Parish Council (the Council) and may only be amended by a resolution of the Council.
2. The Responsible Financial Officer (RFO) is the Clerk to the Council unless the Council appoints another officer. The RFO acts under the supervision of the Council.
3. The RFO shall determine on behalf of the Council its accounting records and accounting control systems, the preparation of annual accounts, and ensure that the accounting control systems are observed.
4. The Council is subject to the Accounts and Audit Regulations 2015, the Local Government Act 1972, and associated legislation. These regulations shall be construed accordingly.
5. Failure to comply with these Financial Regulations may result in surcharge, disqualification from office, or other legal consequences.

## 2. Accounting and Audit (Internal and External)

6. All accounting records shall be maintained by the RFO and shall be available for inspection by any councillor or authorised person at any reasonable time.
7. The RFO shall ensure that a bank reconciliation is prepared and presented to the Council at each ordinary meeting, or at a minimum of quarterly intervals.
8. The Council shall appoint an independent internal auditor annually. The internal auditor shall not be a member or employee of the Council.
9. The internal auditor shall have access to all accounting records, documents and assets of the Council and shall report their findings to the Council.
10. The Council shall complete and submit the Annual Governance and Accountability Return (AGAR) in accordance with the Accounts and Audit Regulations 2015 and the requirements of the external auditor (PKF Littlejohn LLP or successor body).
11. The Council shall, where its gross income or gross expenditure did not exceed £25,000 in the year of account, consider whether it is eligible to certify itself as exempt from external audit under Regulation 9 of the Local Audit (Smaller Authorities) Regulations 2015.
12. All accounts shall be open to public inspection for a period of 30 consecutive working days, including the first 10 working days of July, in each year.

## 3. Annual Estimates (Budget) and Precept

13. The RFO shall, not later than the end of November in each year, prepare a draft budget for the following financial year and present it to the Council.
14. The Council shall review the draft budget and shall, before the end of January in each year, determine the precept to be requested from Northumberland County Council for the following financial year.
15. The precept demand shall be formally resolved by the Council and submitted to NCC by the required deadline.
16. During the financial year, the RFO shall regularly compare actual income and expenditure against the approved budget and report any material variances to the Council.
17. Any budget overspend or unforeseen expenditure shall be reported to the Council at the earliest opportunity and, if material, shall require a Council resolution to vire funds or approve additional expenditure.

#### 4. Authorisation of Expenditure

18. All expenditure shall be authorised by the Council in advance, except in cases of urgency as set out below.
19. Payments shall only be made on the basis of a properly authorised invoice, order or other documented obligation.
20. The following expenditure thresholds and authorisation requirements shall apply:

Value	Process Required
Up to £200	Clerk may authorise in cases of urgency; must report to next Council meeting
£201 – £2,000	Written approval of Chairman and Clerk required; reported to next Council meeting
£2,001 – £25,000	Full Council resolution required
Over £25,000	Full Council resolution required; seek competitive quotations (see Procurement)

21. No member of the Council shall incur expenditure on behalf of the Council without the prior approval of the Council or, in cases of urgency, the Chairman and Clerk acting jointly.
22. Petty cash shall not normally be used. Where a petty cash float is maintained, the limit shall be £100 and all transactions shall be documented and reconciled monthly.

#### 5. Procurement and Contracts

23. The Council shall comply with all relevant procurement legislation and shall aim to achieve best value in all purchasing decisions.
24. The following procurement thresholds shall apply:

Value	Process Required
Up to £1,000	Clerk may purchase without formal quotation; should seek best value
£1,001 – £2,999	At least two written quotations required
£3,000 – £24,999	At least three written quotations required
£25,000 and above	Formal competitive tender process required; advertised publicly

25. Contracts for the supply of goods or services shall be in writing where the value exceeds £1,000.
26. No contract shall be entered into which exceeds a period of five years without the express prior approval of the Council.
27. The Council shall not enter into any contract with a councillor or employee of the Council, or a close associate of such a person, unless the Council has resolved by a majority to do so and the interested party has declared and withdrawn from the decision.
28. All contracts and supporting documents shall be retained by the Clerk for the period specified in the Council's Data Retention Policy.

## 6. Payments

29. The RFO shall make all payments on behalf of the Council in accordance with these regulations.
30. All payments shall be accompanied by a completed payment schedule, which shall be presented to the Council for approval at each meeting. Where payments are required between meetings, the procedure in Regulation 4 above shall apply.
31. Electronic payments shall require authorisation by two authorised signatories. Where online banking is used, the dual-authorisation function shall be enabled and maintained at all times.
32. Cheque payments shall be signed by two authorised signatories. Blank cheques shall never be signed in advance.
33. The following are the Council's authorised signatories for bank payments:
  - The Clerk to the Council
  - The Chairman of the Council
  - Such other councillors as the Council may from time to time resolve
34. Salary payments shall be made by the RFO in accordance with the Council's payroll arrangements. The salary schedule shall be presented to the Council for approval and any changes shall require a Council resolution.
35. All receipts shall be banked promptly and in any event within seven days of receipt.

## 7. Banking Arrangements

36. The Council shall maintain its bank accounts with HSBC or such other bank as the Council may resolve.
37. All bank accounts in the name of the Council shall be opened and maintained in accordance with resolutions of the Council.
38. The RFO shall ensure that bank statements are reconciled monthly and that the reconciliation is reviewed and initialled by the Chairman or another designated councillor.
39. The Council shall not maintain an overdraft facility. Any temporary shortfall shall be reported to the Council immediately.
40. Interest-bearing deposit accounts may be used to hold reserves, subject to the Council's investment policy. Funds shall only be placed with institutions approved by the Council.
41. Any change to the Council's banking arrangements, including the addition or removal of signatories, shall require a formal Council resolution and the submission of the appropriate bank mandate.

## 8. Investments

42. The Council shall invest surplus funds only in accordance with the Local Government Act 2003 and CIPFA guidance on treasury management for local authorities.
43. The Council's investment objectives are the security of capital, liquidity of funds, and the achievement of a reasonable return, in that order of priority.
44. Investments shall only be placed with UK banks or building societies holding a minimum credit rating of A- (Standard & Poor's) or equivalent.

45. The RFO shall report on investments held at each Council meeting and shall notify the Council immediately of any material change in circumstances.

## 9. Salaries and Allowances

46. All salaries and allowances paid to employees and councillors shall be in accordance with the relevant national salary scales (NALC/SLCC joint pay agreement) and the Council's employment contracts.
47. Salary increases shall require a Council resolution and shall not be applied retrospectively without a specific resolution to that effect.
48. Expenses claimed by the Clerk or any councillor shall be supported by receipts and shall be approved by the Council or the Chairman before payment.
49. Mileage allowances shall be reimbursed at the HMRC approved mileage rate (or at such other rate as the Council may resolve) and shall be supported by a mileage claim form.

## 10. Loans and Borrowing

50. The Council shall not borrow money without the prior approval of the Secretary of State (through the Public Works Loan Board or otherwise) and a formal Council resolution.
51. Any loan shall be taken out at the best rate available to the Council, having regard to the total cost of borrowing and the Council's financial position.

## 11. Grants and Donations

52. The Council may, in accordance with its statutory powers, make grants or donations to organisations or individuals for purposes which benefit the community it serves.
53. All grants shall be approved by a resolution of the Council. The RFO shall maintain a record of all grants made.
54. Where the Council makes a grant of £500 or more, it shall request evidence of how the funds have been used and shall report this to the Council.
55. The Council shall publish details of all grants made in accordance with the Transparency Code for Smaller Authorities.

## 12. Assets and Property

56. The RFO shall maintain a register of all assets owned by the Council, including land, buildings, equipment and other property of material value.
57. The asset register shall be reviewed and presented to the Council at least annually.
58. No asset of the Council shall be disposed of without a Council resolution. Any disposal shall be at market value unless the Council specifically resolves otherwise.
59. The Council shall maintain adequate insurance cover for all its assets and liabilities. The RFO shall review the insurance schedule annually and report to the Council.

## 13. Value Added Tax

60. The RFO shall ensure that the Council complies with its obligations in respect of Value Added Tax (VAT).
61. The Council shall reclaim VAT on expenditure where it is entitled to do so, in accordance with HMRC guidance for local authorities.
62. VAT shall be properly identified and recorded in the Council's accounts. The RFO shall submit VAT reclaim applications promptly.

#### **14. Risk Management**

63. The Council shall maintain a risk register identifying the principal risks to its financial position and operations.
64. The risk register shall be reviewed and presented to the Council at least annually and shall form the basis of the Council's internal control framework.
65. The Annual Governance Statement (AGAR Section 1) shall reflect the Council's assessment of its risk management and internal controls.

#### **15. Irregularities, Fraud and Whistleblowing**

66. Any councillor or officer who suspects or discovers a financial irregularity, fraud or misappropriation shall report it immediately to the Chairman and, where appropriate, to the Council's internal auditor and the police.
67. The Council shall maintain a written procedure for handling reports of suspected fraud or financial irregularity.
68. No person shall be disadvantaged for making a report in good faith under this regulation.

#### **16. Review of Financial Regulations**

69. These Financial Regulations shall be reviewed and re-adopted annually at or following the annual meeting of the Council.
70. Any proposed amendment must be on the agenda and notice given to all councillors at least three clear days before the meeting.

## Adoption and Signatures

### Note to Clerk

Complete the minute reference on the cover page before publishing this document.

Retain the signed copy; publish the unsigned adopted version on the Council website.

These Financial Regulations replace any previous version adopted by Featherstone Parish Council.

Thresholds should be reviewed annually and adjusted for inflation or changes in Council activity.

Signed (Chairman):

 T. P. Teasdale (Chairman)

Signed (Clerk/RFO):

 Jan Birks

Print name:

T. P. TEASDALE.

Print name:

Jan Birks

Date:

27 May 2026

Date:

27 May 2026

