CRESSWELL PARISH COUNCIL STATEMENTS OF GUIDANCE AND POLICY

FINANCIAL REGULATIONS

Council	Cresswell Parish Council
Responsible Financial Officer	[Clerk / RFO name]
Based upon	NALC Model Financial Regulations (England), March 2025
Adopted	18.11.26
Minute reference	5.3
Next review	November 2027

Purpose

These Financial Regulations set out how Cresswell Parish Council manages, controls and accounts for public money. They are tailored to the Council's size and circumstances and should be read alongside the Council's Standing Orders, Scheme of Delegation, risk management arrangements and other adopted policies.

The Regulations are intended to provide clear accountability while remaining proportionate to a small rural parish council. They should be reviewed annually and whenever legislation, proper practices or the Council's financial arrangements materially change.

1. General

- The Clerk is appointed as the Responsible Financial Officer (RFO), unless the Council resolves otherwise.
- The RFO is responsible for maintaining the accounting records, preparing budgets, monitoring expenditure and ensuring compliance with these Regulations.
- Members remain collectively responsible for the Council's finances. Individual councillors do not have authority to commit the Council to expenditure unless that authority has been formally delegated.
- All financial decisions must comply with legislation, proper accounting practices, the Council's Standing Orders and these Financial Regulations.
- The Council will seek value for money, transparency, fairness and proper stewardship of public funds.

2. Internal Control

- Financial reports are presented to every Council meeting, showing income, expenditure, bank balances and significant budget variances.
- Bank reconciliations are completed monthly and reviewed by a councillor who is independent of payment preparation wherever practicable.
- The Chair, or a nominated councillor, undertakes periodic internal control checks and reports the outcome to the Council.
- Access to online banking, accounting systems and financial records will be restricted to authorised persons.
- The Council will maintain appropriate separation of duties. Where the small size of the Council makes complete separation impracticable, compensating checks will be used.
- Suspected fraud, theft, financial irregularity or loss must be reported promptly to the Chair and RFO and dealt with in accordance with the Council's procedures.

3. Budget and Precept

- An annual budget is prepared by the Clerk/RFO in consultation with the Council.
- The budget and precept are approved by Full Council before the beginning of the financial year.
- The budget will take account of known commitments, expected income, reserves, inflation, insurance, staffing and planned projects.
- Budget monitoring reports are presented throughout the year.
- Expenditure must not normally exceed an approved budget heading without appropriate Council approval.
- The Council will consider its reserves position when setting the annual budget and precept.

4. Payments

- All payments require Council approval unless previously authorised by an approved budget, contract, delegated authority or other lawful Council decision.
- Payments must be supported by an invoice, receipt, contract or other appropriate evidence.
- The RFO will confirm that goods or services have been received and that the payment is properly due before processing it.
- The Chair and Vice Chir will hold a discretionary budget of £100 each per 2 months to facilitate urgent payments between meetings which will be authorised by the Clerk in consultation with the Chair where permitted by the Council's Scheme of Delegation and must be reported to the next meeting.
- Payment schedules will be presented to Council and recorded in the minutes.
- No blank cheques or unsupported payments will be authorised.
- Where online banking is used, appropriate dual-control or independent checking arrangements will be maintained.

5. Banking Arrangements

- The Council's bank accounts and banking providers are approved by Full Council.
- Bank mandates and authorised signatories will be reviewed periodically and whenever there is a change of Clerk, councillor or banking arrangements.
- Bank reconciliations will be completed at least monthly.
- Bank statements and reconciliation records will be retained as part of the Council's financial records.
- The Council will not use personal bank accounts for Council transactions except in exceptional circumstances approved by Council and dealt with transparently.

6. Income

- All income due to the Council will be properly recorded and banked promptly.
- Cash handling will be kept to a minimum and appropriate records maintained where cash is received.
- The RFO will maintain records of precept, grants, donations, fees, reimbursements and other income.
- Restricted grants and donations will be used only for their stated purpose.
- Any debt due to the Council will be monitored and pursued appropriately.

7. Procurement and Quotations

- The Council will obtain value for money and demonstrate fairness and transparency in procurement.
- Purchases must be within an approved budget or separately authorised by the Council.
- For routine purchases below the Council's agreed quotation threshold, the RFO may obtain a suitable price and proceed under delegated authority where authorised.
- For larger purchases, the Council will normally obtain a minimum of three quotations or comparable written prices where practicable.
- Where three quotations cannot reasonably be obtained, the reason will be recorded and the alternative procurement approach approved or noted as appropriate.
- The Council will not split purchases or contracts artificially to avoid quotation, tendering or legal procurement requirements.
- For higher-value contracts, the Council will comply with applicable procurement legislation and the Council's Standing Orders.
- Where relevant, the Council will consider supplier suitability, insurance, safeguarding, data protection, contract duration, termination arrangements and financial risk.

8. Contracts

- Contracts may only be entered into by persons authorised by Full Council or under properly delegated authority.
- Before entering a significant contract, the Council will consider the total cost, contract term, budget provision, risks, supplier suitability and value for money.
- Significant contracts should be recorded in a contract register.
- Contracts extending beyond one financial year must be considered in the Council's forward budget and financial planning.
- Contract performance will be reviewed where appropriate, particularly for recurring or material expenditure.

9. Salaries, Wages and Expenses

- Salaries and wages will be paid in accordance with contracts and Council decisions.
- PAYE, National Insurance, pension and other statutory obligations will be administered correctly.
- Changes to salary, hours or employment terms require appropriate Council approval.
- Councillor and staff expenses will only be reimbursed where properly incurred on Council business and supported by appropriate evidence.
- Payments to staff will be processed by a person authorised by the Council and independently checked where practicable.

10. Assets

- The Council will maintain an up-to-date asset register covering significant land, buildings, equipment and other assets owned by the Council.
- The asset register will be reviewed at least annually.
- Assets will be adequately insured where appropriate.
- Council assets must be used for lawful Council or authorised community purposes.
- Disposal of significant Council assets requires Full Council approval and must be properly recorded.
- Any loss, damage or suspected theft of a Council asset must be reported promptly.

11. Insurance and Risk Management

- The Council will maintain appropriate insurance cover for its activities, assets, employees, volunteers and liabilities.
- Insurance arrangements will be reviewed annually.
- The Council will maintain a financial risk assessment and review it at least annually.

- Financial risks considered will include fraud, cybercrime, banking failure, loss of cash, inadequate insurance, supplier failure, unauthorised expenditure, data loss and significant unexpected expenditure.
- Material risks and controls will be reported to and considered by the Council.

12. Reserves

- The Council will maintain a General Reserve to provide financial resilience and meet unexpected or unforeseen expenditure.
- The Council may maintain Earmarked Reserves for specific identified projects, liabilities or future expenditure.
- Each Earmarked Reserve will have a stated purpose and will be reviewed at least annually.
- Reserves will be considered as part of the annual budget-setting process.
- The Council will avoid accumulating reserves without a clear and recorded justification.

13. Grants and Community Funding

- Grants or donations made by the Council must be within the Council's lawful powers and properly authorised.
- Applications should provide sufficient information to demonstrate the purpose of the grant and the benefit to the local community.
- Where appropriate, grant recipients may be required to provide evidence that funds have been used for the approved purpose.
- Grant decisions and payments will be recorded transparently.

14. VAT and Tax

- The RFO will ensure VAT is correctly accounted for and reclaimed where the Council is entitled to do so.
- VAT records will be maintained as part of the accounting system.
- The Council will consider the VAT implications of significant new activities, purchases or contracts.
- Other taxation obligations will be dealt with in accordance with applicable legislation and professional advice where necessary.

15. Internal Audit

- The Council will appoint an independent and suitably competent internal auditor.
- Internal audit will provide an independent assessment of the Council's financial controls, accounting records and governance arrangements.
- The internal auditor's report and recommendations will be presented to Council and appropriately considered.
- Internal audit arrangements will be reviewed periodically to ensure they remain proportionate and effective.

- The Council will retain evidence of internal control checks and actions taken in response to recommendations.

16. Accounting Records and AGAR

- The RFO will maintain accounting records sufficient to demonstrate the Council's income, expenditure, assets, liabilities and financial position.
- The Council will prepare its Annual Governance and Accountability Return (AGAR) in accordance with the requirements applying to smaller authorities.
- The Council will approve the relevant governance and accounting statements within the statutory timetable.
- Financial records will be retained for the periods required by law and proper practice.
- The Council will ensure that required financial and governance information is published within the appropriate statutory or transparency timescales.

17. Transparency and Publication

- The Council is committed to openness and transparency in its financial affairs.
- Where applicable, the Council will comply with the Transparency Code for Smaller Authorities and other relevant publication requirements.
- Financial and governance information will be published on the Council's website in an accessible form.
- Documents to be published will include, where applicable, annual accounts, Annual Governance Statement, internal audit report, expenditure information, asset information and relevant meeting papers.
- The Council will ensure that its website and published financial information are kept reasonably up to date.

18. Loans and Borrowing

- The Council will not borrow money unless the necessary legal requirements have been met and the appropriate approvals obtained.
- Any proposed borrowing will be supported by a clear business case setting out the purpose, cost, repayment arrangements and impact on the Council's finances.
- Borrowing decisions will be recorded fully in the minutes.
- The Council will maintain records of any borrowing, repayments, interest and outstanding balances.

19. Records, Security and Data

- Financial records will be securely stored and backed up where held electronically.
- Access to financial systems will be limited to authorised persons.
- Passwords and authentication information must not be shared unnecessarily.
- Personal and financial information will be handled in accordance with the Council's Data Protection and Privacy arrangements.

- Paper financial records containing personal or sensitive information will be stored securely and disposed of appropriately.

20. Delegated Financial Authority

- The Council may delegate defined financial authority to the Clerk/RFO or another officer where this is set out in the Scheme of Delegation or a specific Council resolution.
- Delegated expenditure must be within an approved budget and comply with these Financial Regulations.
- Delegated decisions must be properly documented and reported to Full Council where required.
- Delegated authority does not permit expenditure which is outside the Council's lawful powers or which otherwise requires a Full Council decision.

21. Review and Amendment

- These Financial Regulations will be reviewed by Full Council at least annually.
- The annual review will consider changes to legislation, NALC guidance, proper practices, procurement requirements, audit findings, internal controls and the Council's financial circumstances.
- Any amendment to these Regulations must be approved by Full Council and recorded in the minutes.
- The current approved version will be retained by the Clerk and published on the Council's website.

Schedule 1 – Cresswell Parish Council Financial Controls and Limits

The following local controls are intended to make the Regulations practical for a small rural parish council. They may be amended by Full Council when circumstances change, provided that legal and proper-practice requirements continue to be met.

Area	Cresswell arrangement	Control / approval
Routine expenditure	Within an approved budget	RFO may process where delegated authority applies; otherwise Council approval
Payments	Payment schedule at Council meetings	Invoices/evidence checked before payment
Urgent payments	Between meetings where necessary	Clerk in consultation with Chair, where permitted; reported to next meeting
Quotations	Normally 3 written quotations/prices for significant purchases	Exception documented where 3 cannot reasonably be obtained
Large/high-value contracts	Competitive procurement as required	Full Council approval and applicable procurement law
Bank reconciliation	Monthly	Reviewed by councillor independent of payment

		preparation where practicable
Budget monitoring	Every Council meeting	Variances investigated and action agreed
Risk assessment	At least annually	Full Council review
Insurance	At least annually	Full Council review
Asset register	At least annually	Full Council review
Reserves	At budget setting and at least annually	Purpose and level reviewed
Internal control	Periodic checks	Chair or nominated councillor
Internal audit	Annually	Independent review

Schedule 2 – Approval and Review Record

Adopted by Full Council	18.11.26
Minute reference	5.3
Reviewed	[Date]
Next review due	[Date]
Chair / authorised signatory	C Tyrie