

# **CHOLMONDELEY AND CHORLEY PARISH COUNCIL**

## **FINANCIAL REGULATIONS (NALC model provided by ChALC)**

**The Financial Regulations form a core part of the Council's governance framework. The Council ensures that key governance documents, including the Financial Statements and the Scheme of Delegation, are regularly reviewed and adopted in line with best practice and statutory requirements.**

**The current version of the Scheme of Delegation was reviewed and adopted at the full Council meeting held on 6<sup>th</sup> May 2025 together with the Financial Regulations.**

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## 1. General

- 1.1. These Financial Regulations govern the financial management of the Parish Council and may only be amended or varied by resolution of the Parish Council. They are one of the Parish Council's governing documents and shall be observed in conjunction with the Parish Council's Standing Orders.
- 1.2. Parish Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of Parish 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 Parish 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 Parish Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Parish Council Clerk/RFO/RFOs in Wales.
  - 'Must' and **bold text** refer to a statutory obligation the Parish Council cannot change.
  - 'Shall' refers to a non-statutory instruction by the Parish Council to its members and staff.
- 1.5. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the Parish Council. [The Clerk/RFO has been appointed as RFO and these regulations apply accordingly.] The RFO;
  - acts under the policy direction of the Parish Council.
  - administers the Parish Council's financial affairs in accordance with all Acts, Regulations and proper practices.
  - determines on behalf of the Parish 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 Parish Council resources; and
  - produces financial management information as required by the Parish Council.

**1.6. The Parish Council must not delegate any decision regarding:**

- **setting the final budget or the precept ( Parish 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 Parish Council shall:**

- **determine and regularly review the bank mandate for all Parish Council bank accounts;**
- **authorise any grant or single commitment in excess of [£5,000]; and**

**2. Risk management and internal control**

**2.1. The Parish Council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**

2.2. The Clerk/RFORFO shall prepare, for approval by the parish Councillors, a risk management policy covering all activities of the Parish Council. This policy and consequential risk management arrangements shall be reviewed by the Parish Council at least annually.

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

**2.4. At least once a year, the Parish 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 RFO 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**
- **identify the duties of officers dealing with transactions and**
- **ensure division of responsibilities.**

2.6. The Responsible Financial Officer (RFO) prepares bank reconciliations for all accounts throughout the financial year. At year-end, copies of the full-year bank reconciliations and transaction spreadsheets are circulated to all councillors to enable independent verification and ensure transparency and oversight. Councillor Tony Fennell currently undertakes a more detailed review of the reconciliations. In

addition, the Council's financial records are subject to an independent internal audit each year.

- 2.7. Regular back-up copies shall be made of all records held on any Cholmondeley and Chorley Parish Council computer and stored securely in Google Docs. Important documents will also be shared respectfully with councillors for transparency. To ensure continuity, the Clerk will provide councillors with the necessary access code to enable access to the council computer system if required. The Parish Council shall ensure appropriate measures are in place so that access to council systems is not lost in the event that an employee leaves or becomes incapacitated.

### **3. Accounts and audit**

- 3.1. All accounting procedures and financial records of the Parish Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 3.2. **The accounting records determined by the RFO must be sufficient to explain the Parish Council's transactions and to disclose its financial position with reasonable accuracy at any time. They must contain:**
  - **day-to-day entries of all sums of money received and expended by the Parish Council and the matters to which they relate;**
  - **a record of the assets and liabilities of the Parish 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 RFO shall complete and certify the annual Accounting Statements of the Parish 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 RFO shall submit them (with any related documents) to the Parish Council, within the timescales required by the Accounts and Audit Regulations.
- 3.5. **The Parish 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 Parish 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 Parish Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Parish Council considers necessary.
- 3.7. The internal auditor shall be appointed by the Parish Council and shall carry out their work to evaluate the effectiveness of the Parish Council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.
- 3.8. The Parish Council shall ensure that the internal auditor:
  - is competent and independent of the financial operations of the Parish Council;

- reports to Parish 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
- has no involvement in the management or control of the Parish Council

3.9. Internal or external auditors may not under any circumstances:

- perform any operational duties for the Parish 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 Parish 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 RFO 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 RFO shall, without undue delay, bring to the attention of all Parish Councillors any correspondence or report from internal or external auditors.

#### **4. Budget and precept**

4.1. **Before setting a precept, the Parish Council must calculate its Parish Council tax (England)/budget 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 Parish Council at least annually for the following financial year. The RFO will inform committees of any salary implications before they consider their draft their budgets.

4.3. The RFO shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year.

4.4. The draft budget with any committee proposals and forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the Parish Council.

4.5. Having considered the proposed budget, the Parish Council shall determine its Parish Council tax (England)/budget requirement by setting a budget. The Parish

Council shall set a precept for this amount no later than the end of January for the ensuing financial year.

- 4.6. **Any member with Parish 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.**
- 4.7. The RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed annual budget.
- 4.8. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.9. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the Parish 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.
- 5.2. The RFO 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 recorded in the minutes.
- 5.3. Every contract shall comply with these the Parish 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 Public Contracts Regulations 2015 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 Parish Council shall (with the exception of items listed in paragraph 6.12) obtain prices as follows:
- 5.6. For contracts estimated to exceed £60,000 including VAT, the Clerk/RFO shall seek formal tenders from at least three suppliers agreed by the Parish 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 Parish Council must comply with any requirements of the Legislation<sup>1</sup> regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**

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<sup>1</sup> The Regulations require Parish Councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

- 5.8. For contracts greater than £3,000 excluding VAT the Clerk/RFO shall seek at least 3 fixed-price quotes;
- 5.9. where the value is between £500 and £3,000 excluding VAT, the Clerk/RFO 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/RFO 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 Parish Council {or relevant committee}. Avoidance of competition is not a valid reason.
- 5.14. The Parish Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 5.15. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- The Clerk/RFO, under delegated authority, for any items below £500 excluding VAT.
  - the Clerk/RFO, in consultation with the Chair of the Parish Council for any items below £2,000 excluding VAT.
  - the Parish Council for all items of expenditure within their delegated budgets for items under £5,000 excluding VAT
  - In respect of grants, a duly authorised committee (Parish Council) within any limits set by Parish Council and in accordance with any policy statement agreed by the Parish Council.
  - the Parish Council for all items over £5,000;
- Such authorisation must be supported by a minute (in the case of Parish Council or committee decisions or other auditable evidence trail.
- 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 Parish Council or make any contract on behalf of the Parish Council.



- 5.17. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the Parish Council.
- 5.18. In cases of serious risk to the delivery of Parish Council services or to public safety on Parish Council premises, the Clerk/RFO may authorise expenditure of up to £2,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk/RFO shall report such action to the Chair as soon as possible and to [the Parish Council as soon as practicable thereafter.
- 5.19. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the Parish Council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.
- 5.20. 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.
- 5.21. Any ordering system can be misused and access to them shall be controlled by the RFO.

## **6. Banking and payments**

- 6.1. The Parish Council has resolved to bank with NATWEST.
- 6.2. The Parish Council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. 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 Parish Council's bank.
- 6.3. 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 authorised by the Parish Council.
- 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 Parish Council unless the Parish Council resolves to use a different payment method.
- 6.6. The Clerk/RFO and shall have delegated authority to authorise payments {only} 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 Parish Council services or to public safety on Parish 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 Parish Council], where the Clerk/RFO 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 Parish Council {or finance committee}.
  - iv. Fund transfers within the Parish Councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of Parish Council [or finance committee].
- 6.7. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the Parish Council. The Parish Council or committee shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled 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 minutes of that meeting.

## **7. Payment of salaries and allowances**

- 7.1. **As an employer, the Parish Council must make arrangements to comply with the statutory requirements of PAYE legislation.**
- 7.2. Salary rates shall be agreed by the Parish 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 Parish Council.
- 7.3. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.
- 7.4. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.
- 7.5. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook. Payroll reports will be reviewed by the parish council to ensure that the correct payments have been made.
- 7.6. Any termination payments shall be supported by a report to the Parish Council, setting out a clear business case. Termination payments shall only be authorised by the full Parish Council.
- 7.7. Before employing interim staff, the Parish Council must consider a full business case.

## **8. Loans and investments**

- 8.1. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full Parish Council and recorded

in the minutes. All borrowing shall be in the name of the Parish Council, after obtaining any necessary approval.

- 8.2. Any financial arrangement which does not require formal borrowing approval from the [Secretary of State/Welsh Assembly Government] (such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year) must be authorised by the full Parish Council, following a written report on the value for money of the proposed transaction.
- 8.3. The Parish Council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Parish Council at least annually.
- 8.4. All investment of money under the control of the Parish Council shall be in the name of the Parish Council.
- 8.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.6. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

## **9. Income**

- 9.1. The collection of all sums due to the Parish Council shall be the responsibility of and under the supervision of the RFO.
- 9.2. The Parish Council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk/RFO. The RFO shall be responsible for the collection of all amounts due to the Parish Council.
- 9.3. Any sums found to be irrecoverable, and any bad debts shall be reported to the Parish Council by the RFO and shall be written off in the year. The Parish Council's approval shall be shown in the accounting records.
- 9.4. All sums received on behalf of the Parish Council shall be deposited intact with the Parish Council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.
- 9.5. Personal cheques shall not be cashed out of money held on behalf of the Parish Council.
- 9.6. The RFO shall ensure that VAT is correctly recorded in the Parish Council's spreadsheet and shall be made at least annually at the end of the financial year.

## **10. Payments under contracts for building or other construction works**

- 10.1. 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 to supervise the works.

- 10.2. Any variation of, addition to or omission from a contract must be authorised by [the Clerk/RFO to the contractor in writing, with the Parish Council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

## **11. Assets, properties and estates**

- 11.1. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

## **12. Insurance**

- 12.1. All new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 12.2. The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the Parish Council during the parish council meeting. The RFO shall negotiate all claims on the Parish Council's insurers {in consultation with the parish council.

## **13. Suspension and revision of Financial Regulations**

- 13.1. The Parish Council shall review these Financial Regulations [annually] and following any change of Clerk/RFO. The Clerk/RFO shall monitor changes in legislation or proper practices and advise the Parish Council of any need to amend these Financial Regulations.
- 13.2. The Parish Council may, by resolution duly notified prior to the relevant meeting of Parish 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 Parish Council to act unlawfully.
- 13.3. The Parish 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.

## **Appendix 1 - Tender process**

- 1) Any invitation to tender shall state the general nature of the intended contract and the Clerk/RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk/RFO in the ordinary course of post, unless an electronic tendering process has been agreed by the Parish Council.
- 3) Where a postal process is used, each tendering firm shall be supplied with a specifically marked envelope in which the tender is to 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/RFO in the presence of at least one member of Parish Council.
- 4) Where an electronic tendering process is used, the Parish Council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the Parish Council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
- 6) Where the Parish Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Parish Council requires further pricing, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.