HALSTEAD PARISH COUNCIL - FINANCIAL REGULATIONS

FINANCIAL REGULATIONS
(Updated to NALC Model Financial Regulations 2025)

Date of adoption:

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 shall be observed in conjunction with the council's Standing Orders.
1.2 Councillors are expected to follow these regulations and not entice employees to breach them.
1.3 Wilful breach of these regulations by an employee may result in disciplinary action.
1.4 Definitions:

- 'Accounts and Audit Regulations' means the regulations issued under the Local Audit and Accountability Act 2014 and any superseding legislation.
- "Approve" refers to an online action allowing an electronic transaction to take place.
- "Authorise" refers to a decision by the council, a committee or an officer.
- 'Proper practices' means those set out in the JPAG Practitioners' Guide.
- 'Must' indicates a statutory requirement.
- 'Shall' indicates a council instruction.

1.5 The Responsible Financial Officer (RFO) is the Clerk. The RFO shall:

- administer the council's financial affairs in accordance with all Acts, Regulations and proper practices
- determine the council's accounting records and control systems
- ensure accounting records are kept up to date
- seek economy, efficiency and effectiveness
- produce financial information as required
- ensure compliance with statutory guidance

1.6 The council must not delegate decisions regarding:

- setting the budget or precept
- reviewing internal controls
- approving accounting statements
- approving the Annual Governance Statement
- borrowing
- declaring eligibility for the General Power of Competence
- responding to internal/external audit reports

1.7 The council shall:

- determine and regularly review the bank mandate
- authorise any grant or single commitment in excess of £5,000.

2. Risk Management and Internal Control

2.1 The council must ensure it has a sound system of internal control.
2.2 The Clerk shall prepare a risk management policy for approval annually.
2.3 New activities must be supported by a risk assessment.

2.4 The council must review internal controls annually before approving the Annual Governance Statement (AGS).
2.5 The RFO's accounting control systems must ensure:

- risk is appropriately managed
- prompt and accurate recording
- prevention and detection of fraud
- reconstitution of lost records
- clear division of duties
- compliance with the Risk Management Policy

2.6 A member (not Chair, Finance Chair or signatory) shall verify bank reconciliations quarterly.
2.7 Regular secure backups shall be maintained.

3. Accounts and Audit
3.1. All accounting procedures and financial records of the 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 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 RFO 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 RFO 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 RFO, 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
- has no involvement 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 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 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 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 finance committee or council at least annually in October/November 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 or Finance Committee.
4.3. No later than October each year, the RFO shall prepare a draft budget with detailed estimates of all income and expenditure for the following financial year along with a forecast for the following three financial years, taking account of the lifespan of assets and cost implications of repair or replacement.
4.4. Unspent funds for partially completed projects may only be ca rie d forward (by placing them in an earmarked reserve) with the formal approval of the full council.
4.5. Each committee shall review its draft budget and submit any proposed amendments to the council or finance committee not later than the end of November each year.
4.6. The draft budget with any committee proposals and three-year forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the finance committee or council and a recommendation made to the council.
4.7. Having considered the proposed budget and three-year forecast, the council shall determine its council tax requirement by setting a budget. The council shall set a precept for this amount no later than the end of January 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 s tart of the meeting that Section 106 applies to them.
4.9. 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.
4.10. 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 or relevant committee.

5. Procurement
5.1 General Principles
- Members and officers must obtain value for money at all times.
- The RFO must verify the lawful nature of any proposed purchase.
- No contract shall be entered into except in accordance with these Regulations.

5.2 Legislative Thresholds (NALC 2025) Under the Procurement Act 2023 **and the Procurement Regulations 2024**
- £60,000 including VAT and above → Full tender process
- £30,000 including VAT and above → Must publish on Contracts Finder.

5.3 Halstead Procurement Thresholds
- **£3,000–£25,000** → Seek **3 written quotes**
- **£100–£3,000** → Seek **3 estimates** or online prices
- **Below £100** → Achieve value for money

Contracts must not be split to avoid thresholds.
5.4 Exceptions
Competitive quotes are not required for:
- specialist professional services
- repairs to existing equipment
- extensions of existing contracts
- goods/services available from a single supplier.

5.5 Authorisation Levels
- **Clerk/RFO**: up to **£500**
- **Clerk + Chair (or Committee Chair)**: up to **£3,000** (Halstead retained)
- **Delegated Committee**: up to **£5,000**
- **Full Council**: above **£5,000.**

5.6 Emergency Expenditure
The Clerk may authorise up to **£5,000** in cases of serious risk to services or public safety. Report to Chair immediately and to Council at next meeting.

6. Banking and Payments
6.1 Banking arrangements shall be reviewed annually.
6.2 Payments must be authorised separately from purchases.
6.3 Invoices must be verified by the RFO.
6.4 Personal data must not be disclosed in payment lists.
6.5 Payments shall be made by online banking or cheque unless otherwise resolved.
6.6 Regular payments may be pre-approved annually.
6.7 Clerk/RFO may authorise:
- payments up to **£500** within budget

- payments up to **£5,000** in emergencies
- payments required to avoid late-payment penalties

6.8 Fund transfers up to **£10,000** may be made by the RFO.
6.9 A schedule of payments shall be presented to Council or Finance Committee.

7. Electronic Payments
7.1 Online banking must use **dual authorisation**.
7.2 All signatories may view accounts online.
7.3 No PINs or passwords may be shared.
7.4 The RFO sets up payments; signatories approve them.
7.5 Evidence of approvals must be retained.
7.6 Regular payments may be made by direct debit or standing order with approval.
7.7 Supplier bank details may only be changed with written confirmation verified by the Clerk and one authorised member.
7.8 Computers used for financial work must have adequate security.

8. Cheque Payments
8.1 Cheques must be signed by two members.
8.2 Signatories must not sign payments to family/business associates.
8.3 Cheque counterfoils must be initialled.
8.4 Cheques should normally be signed at meetings.
9. Payment Cards
9.1 Debit cards may be issued to the Clerk with a £500 limit.
9.2 Pre-paid cards may be issued with limits set by Council.
9.3 Corporate credit cards must be cleared monthly.
9.4 Personal cards may only be used for expenses up to £250.

10. Petty Cash
The council does not operate petty cash.

11. Payment of Salaries and Allowances
11.1 The council shall ensure that all employees are paid in accordance with the terms and conditions of their employment contract, as approved by the council, and in line with current employment legislation.
11.2 Salary rates, spinal column points, and any changes arising from national pay awards shall be **approved by the council**.
11.3 The payment of salaries shall be made by the RFO in accordance with payroll records and HMRC requirements. All payroll transactions shall be processed through an approved payroll system.
11.4 The RFO shall ensure that all salary, PAYE, National Insurance and pension contributions are **paid promptly** to the relevant bodies in accordance with statutory deadlines.
11.5 Timesheets, overtime claims, mileage claims and expense claims shall be submitted to the RFO for verification and processed monthly. Claims must be supported by appropriate evidence.
11.6 Any changes to employee contracts, hours, pay, or role descriptions must be **approved by the council** before implementation.

11.7 The council shall ensure that all employment-related liabilities, including pension contributions, holiday pay, sick pay and statutory entitlements, are properly accounted for and budgeted.
11.8 Before employing agency, interim or temporary staff, the council must consider and approve a **business case** that includes:

- the reason for the temporary appointment
- the expected duration
- the cost and budget provision
- compliance with employment law and IR35 requirements
- any associated risks

11.9 All staff appointments, dismissals, and changes to staffing structure must be **approved by the council**.
11.10 The Clerk/RFO shall maintain secure and confidential personnel records in accordance with data protection legislation.

12. Loans and Investments
12.1 All borrowings shall be **approved by the council** and must comply with legislation and proper practices. No loan may be entered into without the council's prior resolution.
12.2 The council may only borrow money with the **written approval of the Secretary of State**, unless permitted by legislation.
12.3 The council shall consider the requirement for an **Investment Strategy and Policy** in accordance with statutory guidance. Where investments exceed statutory thresholds, the council must adopt a **Treasury Management Policy**.
12.4 All investments shall be made in the name of the council and must be **authorised by the council**.
12.5 The RFO shall ensure that all investments are made in accordance with the council's Investment Strategy, proper practices, and the council's risk management arrangements.
12.6 The RFO shall maintain records of all loans and investments and ensure that repayments of principal and interest are **made on time** and properly recorded.

13. Income
13.1 The collection of all sums due to the council shall be the responsibility of the RFO.
13.2 The council will review all fees and charges at least annually and **approve any changes**.
13.3 Any sums found to be irrecoverable and any bad debts shall be **reported to the council** and written off only with **council approval**.
13.4 All income shall be paid into the council's bank accounts **promptly** and in full, without deduction.
13.5 The RFO shall ensure that:

- receipts are issued where appropriate
- income is recorded accurately
- VAT is accounted for correctly
- cash handling risks are minimised

13.6 Personal cheques shall not be cashed out of money held on behalf of the council.
13.7 Any income received shall be banked by the RFO or authorised officer, and no income shall be used to cash personal cheques or make payments.

14. Payments Under Contracts for Building or Construction Works
14.1 Payments on account of any contract for building, construction or related works shall be made **only on the certificate of the architect, surveyor, project manager or other qualified supervising professional** engaged by the council.
14.2 Any variation to a contract, addition to a contract, or omission from a contract must be **approved by the council** and reported to the council as soon as practicable.
14.3 The RFO shall ensure that the council's obligations under the Construction Industry Scheme (CIS) are **fully complied with**, including verification, deduction and reporting requirements.
14.4 Where a contract includes staged payments, retention, or performance-related conditions, the RFO shall ensure that payments are **made only in accordance with the contract terms** and that appropriate documentation is retained.

15. Stores and Equipment
15.1 The officer in charge of each section shall be responsible for the **care, custody and control** of the stores and equipment in that section.
15.2 Delivery notes shall be checked to ensure that goods received match the order and are of satisfactory quality. Any discrepancies or defects shall be **reported to the RFO** immediately.
15.3 The RFO shall ensure that an **inventory of all material assets, equipment and tools** is maintained and reviewed at least annually.
15.4 No property shall be **removed, sold or otherwise disposed of** without the **authority of the council.**

16. Assets, Properties and Estates
16.1 The RFO shall ensure that a **comprehensive and up-to-date Asset Register** is maintained in accordance with proper practices. The Register shall be reviewed by the council at least annually.
16.2 No property, land or other asset shall be **sold, leased, mortgaged, purchased or otherwise disposed of** without the **authority of the council**, together with a clear record of the decision and any financial implications.
16.3 The RFO shall ensure that all assets are **appropriately safeguarded**, insured, and maintained, and that risks associated with council property are managed in accordance with the council's Risk Management Policy.
16.4 Any acquisition, disposal or long-term use of land or buildings must be **approved by the council** and supported by a written report setting out:
- the purpose and justification
- financial implications
- legal considerations
- risks and mitigations
- ongoing maintenance or operational requirements

17. Insurance
17.1 Following the annual risk assessment, the RFO shall ensure that the council's **insurance cover is adequate and appropriate** for all identified risks.

17.2 The council shall **approve all new risks**, properties or activities that require insurance, and shall ensure that appropriate cover is in place before the activity or asset is used
17.3 The RFO shall **maintain an inventory of all insured risks**, including buildings, contents, equipment, public liability, employer's liability, fidelity guarantee and any specialist cover.
17.4 The RFO shall **notify the council's insurers promptly of any loss, damage, claim or event that may give rise to an insurance claim.**

18. Charities
18.1 Where the council is the **sole managing trustee** of a charitable trust, the RFO shall ensure that **separate accounts and financial records** are maintained in accordance with charity law and proper practices.
18.2 The council shall ensure that all charity funds are **managed in accordance with the governing document**, relevant legislation, and Charity Commission requirements.
18.3 The RFO shall ensure that all required **annual returns, reports and accounts** are prepared and submitted to the Charity Commission **within statutory deadlines.**

19. Suspension and Revision of Financial Regulations
19.1 The council may **suspend any part of these Financial Regulations** by resolution, provided that such suspension does not contravene any statutory requirement.
19.2 The council shall **review these Financial Regulations at least annually** and may revise them at any time following a resolution of the council.
19.3 Any motion to **add to, vary or revoke** these Financial Regulations shall be **proposed and seconded**

Appendix 1 – Tendering and Contract Procedures
A1.1 For contracts with an estimated value of **£60,000 or more (including VAT)**, the council shall follow the procedures required by the **Procurement Act 2023**, including:

- publication of a **Tender Notice**
- use of an open, competitive tender process
- publication of an **Award Notice**
- compliance with transparency and reporting requirements

A1.2 For contracts with an estimated value of **£30,000 or more (including VAT)**, the council shall **publish the opportunity on Contracts Finder** in accordance with statutory requirements.
A1.3 For contracts between **£3,000 and £25,000**, the RFO shall obtain **a minimum of three written quotations** from suitable suppliers. Quotations shall be retained for audit.
A1.4 For contracts between **£100 and £3,000**, the RFO shall obtain **three estimates** or online price comparisons to demonstrate value for money.
A1.5 For contracts below **£100**, officers shall ensure that **value for money** is achieved and that expenditure is reasonable and proportionate.
A1.6 The council shall not be obliged to accept the lowest tender, quote or estimate, but the **reason for the decision** shall be recorded in the minutes.
A1.7 All tender documents shall clearly specify:

- the scope and nature of the work

- the evaluation criteria
- the timetable for submission
- the required form of tender
- any relevant policies (e.g., health and safety, safeguarding, data protection)

A1.8 Tenders shall be **opened in the presence of the Clerk/RFO and at least one member**, and a record of all tenders received shall be kept.
A1.9 Any tender received after the deadline shall be **rejected unopened**, unless the council resolves otherwise and records the reason.
A1.10 Where a contract involves ongoing maintenance, staged payments, or performance-related conditions, the RFO shall ensure that payments are **made only in accordance with the contract terms** and supported by appropriate certification.
A1.11 Contracts shall not be **artificially divided** to avoid procurement thresholds.
A1.12 Any potential conflict of interest must be **declared immediately**, and any member or officer with such an interest shall take no part in the procurement process.