



# **Stanway**

## **Parish Council**

### **FINANCIAL REGULATIONS**

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## 1. General

- 1.1. These Financial Regulations (these 'Regulations'):
- a) govern the administration of the financial affairs of Stanway Parish Council (the 'Council');
  - b) contain policy statements, which provide guiding principles; and
  - c) set out:
    - i) control objectives; and
    - ii) procedures for certain activities, which Councillors and members of staff must follow.
- 1.2. In these Regulations:
- a) 'Accounts and Audit Regulations' means the regulations issued by the Secretary of State pursuant to s.27 of the Audit Commission Act 1998, or any superseding legislation;
  - b) 'Clerk' means the person appointed by the Council pursuant to s.112 of the Local Government Act 1972;
  - c) 'Council' means Stanway Parish Council;
  - d) 'Councillor' and 'Councillors' means a member or members of Stanway Parish Council;
  - e) 'Proper Practice' and 'Proper Practices' refers to the guidance in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group; and
  - f) 'Responsible Financial Officer' and 'RFO' means the person appointed by the Council pursuant to s.151 of the Local Government Act 1972.
- 1.3. The Council is not empowered by these Regulations to delegate any decision regarding:
- a) setting the budget or the precept;
  - b) approving annual financial statements;
  - c) borrowing; or
  - d) writing off bad debts,
- each of which is a matter reserved for the Council only.
- 1.4. The provisions of these Regulations will prevail over any additional, conflicting, or inconsistent provisions in the Council's Standing Orders or in any by-law, regulation, policy, standard, procedure or other document self-published by the Council.

## 2. Roles and responsibilities

- 2.1. The Council will:
- a) prepare its annual financial statements in line with the Accounts and Audit Regulations; and
  - b) ensure its financial management is adequate and effective, and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions..
- 2.2. The RFO:
- a) holds a statutory office appointed by the Council;
  - b) determines:
    - i) the form of the Council's accounting records and supporting records; and
    - ii) the financial control systems;
  - c) ensures the financial control systems are observed;
  - d) maintains up to date accounting records of the Council;
  - e) monitors changes in legislation relevant to the financial affairs; and
  - f) assists the Council to secure economy, efficiency and effectiveness in the use of its financial resources.

- 2.3. The same person (be they a Councillor or a member of staff) will not approve more than two stages of the payments procedures described in these Regulations related to the same supplier, contract or payment. In particular, the procedures described in sections 14 and 15 of these Regulations.
- 2.4. Deliberate or wilful breach of these Regulations by a member of staff may give rise to disciplinary proceedings.
- 2.5. Councillors will observe the requirements of these Regulations and will not entice members of staff to breach them. Failure to comply with these Regulations brings the office of councillor into disrepute.

### **3. Accounting records (general principles)**

- 3.1. The Council's accounting records will be determined by the RFO and will:
  - a) contain
    - i) entries of all sums received and expended by the Council and the matters to which the income and expenditure relate;
    - ii) a record of the Council's assets and liabilities; and
    - iii) wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy; and
  - b) be sufficient to:
    - i) show and explain the Council's financial transactions;
    - ii) provide for the timely production of financial statements;
    - iii) provide management information as requested by Members from time to time; and
    - iv) reconstruct lost records.
- 3.2. As soon as reasonably practicable after the end of the financial year the RFO will prepare and certify the annual Accounting Statements, which will be in accordance with legislation as amended from time to time. The Council will approve such Accounting Statements and the Chair of the meeting at which they were approved will countersign them.

### **4. Financial control systems (general principles)**

- 4.1. The Council's financial control systems will be determined by the RFO and will:
  - a) include measures:
    - i) to safeguard public money;
    - ii) to manage risks,
    - iii) to detect and prevent inaccuracies and fraud; and
  - b) to identify the duties of members of staff dealing with financial transactions and the division of responsibilities of those members of staff in relation to significant transactions.
- 4.2. The financial control systems determined by the RFO are described in Sections 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 of these Regulations.

### **5. Precept, budgets, and reserves**

- 5.1. Setting budgets and earmarked reserves may not be delegated to a Committee.
- 5.2. The Council will:
  - a) prepare its budget for the next financial year in good time; and
  - b) thereafter calculate the precept for the financial year and issue the precept to the billing authority in accordance with statute.
- 5.3. The Council will maintain adequate earmarked reserves to meet future planned capital expenditure. Such earmarked reserves may be built up over time to:
  - a) replace tangible fixed assets at the end of life;
  - b) acquire new tangible fixed assets; and

- c) cover reasonably foreseeable losses or liabilities not otherwise recoverable from insurance, but not to carry forward unspent provisions in a budget from an earlier financial year, unless placed in an earmarked reserve by resolution of the Council and then only for the purpose of identified future expenditure.
- 5.4. In addition to earmarked reserves, the Council will maintain a general reserve that is equivalent to at least 25 per cent of its total budgeted annual revenue expenditure.

## 6. Banking arrangements and financial investments

- 6.1. The Council will have efficient and secure arrangements to deposit funds and make payments.
- 6.2. Banking arrangements, including bank mandates will be reviewed regularly for financial security and efficiency.
- 6.3. A bank signatory may be a Councillor or a member of staff.
- 6.4. The Council may seek credit references in respect of any Councillor or a member of staff who is a bank signatory.
- 6.5. Where internet banking arrangements are made with any bank:
  - a) the Clerk or the RFO will be the account administrator;
  - b) the bank mandate will:
    - i) identify the Councillors and members of staff who are authorised to approve transactions on such accounts; and
    - ii) state the value of payments that can be instructed by the account administrator alone, or by the account administrator with a stated number of approvals.
- 6.6. The Council's current account(s) will be with a UK clearing bank.
- 6.7. The balance of the current account will be equivalent to at least 25 percent of the Council's annual expenditure budget..
- 6.8. Cash may be deposited in one or more instant access or fixed term deposit accounts with the Council's main banker or another UK financial institution, subject to the following conditions:
  - a) the financial institution is authorised and regulated by the Financial Conduct Authority for the type of financial product;
  - b) the balance of any one deposit account is not more 30 percent of the total cash in hand at the time;
  - c) the term of the deposit is no longer than twelve months; and
  - d) the deposit is authorised by resolution of the Council.
- 6.9. Balances of more than £500,000 may be considered for investment in gilts, equities, property and other recognised investment vehicles, subject to the following conditions:
  - a) the provider is authorised and regulated by the Financial Conduct Authority for the type of financial product;
  - b) such funds will not be required during the following 12 month period; and
  - c) the investment is authorised by resolution of the Council.
- 6.10. No more than 50 percent of the total cash in hand will be deposited with any one counterparty.
- 6.11. Deposits in accounts and transfers between accounts are subject to:
  - a) the same authority thresholds as set out in paragraph 14.4 of these Regulations; and
  - b) the same payment procedures as set out in paragraph 15.6 of these Regulations.
- 6.12. The RFO will retain all investment certificates and other documents relating thereto.
- 6.13. Any instruction to transfer funds between accounts will be authorised by at least two persons, at least one of whom will be a Councillor.
- 6.14. The RFO will deliver a bank reconciliation report and copies of the most recent bank statements to the Corporate Governance Committee prior to each meeting..

## **7. Corporate debit cards and out-of-pocket expenses**

- 7.1. A corporate debit card may be issued to a member of staff subject to an appropriate single transaction limit that will not be more than the spending authority limit for that person as described in paragraph 14.4.
- 7.2. The member of staff to whom such debit card is issued will report to the Council promptly details of all transactions and purchases made with such debit card, and will furnish the Council with evidence of each transaction in the form of a receipt or, where the supplier is VAT registered business, a 'VAT Invoice' as defined in Schedule 11 of the Value Added Tax Act 1994.
- 7.3. For the avoidance of doubt, the member of staff to whom a debit card is issued is solely responsible for compliance with the card issuer's terms, and breach of such terms will be a disciplinary matter.
- 7.4. Any corporate debit card or trade card account opened by the Council will be restricted to use as authorised by the Clerk and the RFO.
- 7.5. Councillors and members of staff will not use personal debit or credit cards to pay for goods or services on behalf of the Council, except where, in the absence of trade credit facilities, alternative forms of payment are not practicable.
- 7.6. Councillors and members of staff may incur out-of-pocket expenses from time to time necessary to discharge their respective duties. Claims for reimbursement of such expenses will be:
  - a) made promptly by the Councillor or member of staff employee in writing; and
  - b) evidenced by a receipt or, where the supplier is a VAT registered business, a 'VAT Invoice' as defined in Schedule 11 of the Value Added Tax Act 1994.
- 7.7. With the exception of Mileage Allowance Payments, the Council will not reimburse out-of-pocket expenses that are not evidenced by a receipt or invoice.

## **8. Assets, property and estates**

- 8.1. The Council will not acquire or dispose of tangible moveable property, without resolution of the Council and any other consents required by law, save where the value of any one item of tangible movable property is not more than £10,000.
- 8.2. The Council will not purchase or otherwise acquire any real property (interests in land) without resolution of the Council. In each case a report in writing will be provided to the Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 8.3. The Council will not sell, lease or otherwise dispose of any real property (interests in land) without resolution of the Council and any other consents required by law. In each case a written report will be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an appropriate level of consultation with the electorate).
- 8.4. The Council will maintain a Register of Assets and Investments and keep it up to date. The continued existence of tangible assets shown in such Register of Assets and Investments will be verified at least annually.
- 8.5. The member of staff in charge of each department will ensure the care and custody of stores and equipment in that department.
- 8.6. Stocks will be kept at the minimum levels consistent with operational requirements.

## **9. Income**

- 9.1. The Council will review its schedule of fees and charges at least annually, following a report by the Clerk.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied by the Council will be agreed annually by resolution of the Council.
- 9.3. Irrecoverable sums and bad debts will be reported to the Council and will be written off in the financial year.
- 9.4. The Council will not maintain any form of cash float. Any cash received by the Council will be deposited with the Council's bankers promptly.

- 9.5. Personal cheques will not be cashed out of money held on behalf of the Council.
- 9.6. Where significant sums of cash are received regularly by the Council:
  - a) more than one person will be present when the cash is counted;
  - b) there will be a reconciliation or another appropriate form of control such as ticket issues.

## 10. Loans

- 10.1. All borrowing will be in the name of the Council.
- 10.2. The Council will approve the terms and purpose of any application for borrowing. The application for borrowing approval, and subsequent arrangements for the loan may not be delegated to a Committee.
- 10.3. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as hire purchase or leasing of tangible assets) will be approved by resolution of the Council. In each case, a report in writing will be provided to the Council in respect of value for money for the proposed transaction.

## 11. Grants

- 11.1. Grants to be made in the name of the Council will be approved by the Council or a Committee:
  - a) subject to any limits set by the Council; and
  - b) in accordance with any policy statement approved by the Council.
- 11.2. Grants will be subject to the approval thresholds stated at out at paragraph 14.4 of these Regulations, but any grant of more than £5,000 will be authorised only by resolution of the Council.

## 12. Micro Grants

- 12.1. A Councillor may award a grant to a beneficiary within the Stanway Parish.
- 12.2. The minimum individual grant is £50 and the total amount available to each Councillor each year for the three financial years ending 31 March 2026 is £300.
- 12.3. Two or more Councillors may combine their individual allowance to create a larger grant (always subject to the individual £300 allowance for each Councillor).
- 12.4. For grants of up to £200 the Councillor will complete a short form providing details of the amount of the grant, the beneficiary and purpose.
- 12.5. For grants of more than £200 the beneficiary must complete a formal application form.
- 12.6. For grants of more than £1,000 the beneficiary must also provide the previous year's financial accounts.
- 12.7. Payment may be made (but not by cash) subject the process set out in section 15 of these Regulations.
- 12.8. Alternatively, payment may be made directly to an independent supplier of goods or services provided the supplier has no personal or business relationship with the beneficiary or, if relevant, the beneficiary's members.
- 12.9. The Council's Code of Conduct applies at all times to ensure complete transparency and impartiality in the award of grants. Each Councillor is responsible for the probity of any grant initiated by him/her.
- 12.10. A list, with details of the grants awarded by each Councillor, will be published on the Council's website, with a running balance of funds still available.
- 12.11. Application forms will be available to download from the Council's website.
- 12.12. In all cases, the Clerk will be the sole arbiter as to the suitability of any grant and their decision is final and binding.

## 13. Payments to members of staff

- 13.1. Salaries, other emoluments and terms of conditions of employment are matters reserved for the Staffing Committee.
- 13.2. Gross and net payments to members of staff will be calculated in accordance with payroll records and the rules of PAYE and National Insurance in force at the time and will be made on the appropriate dates stipulated in employment contracts.

- 13.3. Payment of deductions such income tax, National Insurance and pension contributions, or similar statutory or discretionary deductions will be made in accordance with:
- a) the payroll records;
  - b) the rules of PAYE and National Insurance; and
  - c) the pension scheme administrator's rules,
- as in force at the time.
- 13.4. The total of such payments in each calendar month will be reported alongside the other payments as set out in paragraph 15.8 of these Regulations.

## 14. Authority to spend (excluding staff costs and grants)

- 14.1. This section 14 of these Regulations does not apply to:
- a) salaries and other emoluments;
  - b) employers' National Insurance contributions;
  - c) employers' pension contributions;
  - d) grants made by the Council; and
  - e) Micro Grants,
- for which there are separate authorisation procedures described in these Regulations.
- 14.2. Expenditure will not be authorised unless the Council has the legal power to incur such expenditure.
- 14.3. Contracts for the supply of goods or services will not be disaggregated to circumvent the authority thresholds imposed by these Regulations.
- 14.4. Expenditure will be authorised, subject to the authority thresholds in the following table.

<b>Expenditure</b>	<b>Required authority</b>
£10,000 or more	Resolution of the Council.
£2,500 to £9,999	Resolution of a duly delegate Committee.
£500 to £2,499	The Clerk or the Deputy Clerk in consultation with the Chair of the Council or the Chair of a duly delegated Committee.
Up to £499	The Clerk or the Deputy Clerk in the necessary discharge or their respective duties.
Up to £250	Any other member of staff in the necessary discharge of their duties.

- 14.5. Notwithstanding the thresholds stated at paragraph 14.4 of these Regulations, the Clerk may authorise expenditure of up to £2,500 which, in their reasonable opinion, is necessary to prevent an inevitable interruption to the performance of the Council's statutory duties. The Clerk will report such vital expenditure to the Chair of the Council as soon as reasonably practicable and to the Council as soon as reasonably practicable thereafter.
- 14.6. Authorisation to incur expenditure by:
- a) the Council or a Committee will be recorded in the minutes of the meeting at which the resolution was made; and
  - b) a member of staff will be recorded in an email to the Clerk.
- In all cases, the minutes or email will record the legal power upon which the decision to incur expenditure was based.

## 15. Procedures for payments

- 15.1. Invoices for payment will:
- a) be delivered in good time to meet payment terms;
  - b) be for expenditure properly authorised in accordance with section 14 of these Regulations;



- c) be for goods or services that have been delivered;
  - d) in the case of payments in advance or on account, be strictly in accordance with the terms of a written agreement with the payee;
  - e) if the payee is VAT registered business, be a 'VAT Invoice' as defined in Schedule 11 of the Value Added Tax Act 1994; and
  - f) not be a disputed invoice.
- 15.2. Liability to make a payment that is not evidenced by an invoice (for example, salaries and out-of-pocket expenses) will be evidenced in writing, demonstrating liability for expenditure was properly authorised in accordance with section 11, 12 and/or 14 of these Regulations.
- 15.3. Payments will be made only to payees whose bank details have been verified using the Confirmation of Payee name checking service.
- 15.4. Payments may be made by direct debit or standing order, provided the use of a direct debit or standing order is authorised by resolution of the Council at least every two years.
- 15.5. Payments may be made by electronic bank transfer (including BACS, CHAPS or Faster Payments), provided the use of electronic bank transfer is authorised by resolution of the Council at least every two years.
- 15.6. Any cheque, standing order, direct debit instruction, electronic bank transfer or any other instruction for payment for a sum greater than £500 will be signed or otherwise authorised by two bank signatories, at least one of whom will be a Councillor. Payment instructions for sums of up to and including £500 may be authorised by one bank signatory.
- 15.7. A Councillor or member of staff who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, will not be a signatory to the payment in question.
- 15.8. Regardless of the method of payment, all payments will be reported to the Council at least monthly.
- 15.9. Copies of invoices, payment instructions and other records relating to payments will be retained for a period of at least six years and will be available for inspection by any Councillor.