

KILMINGTON

PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations are based on the NALC Model Financial Regulations (March 2025) and are tailored to the size, staffing structure and level of activity of Kilmington Parish Council. They replace all previous Financial Regulations in their entirety.

These Financial Regulations were adopted by the Council at its meeting held on 11 May 2026.

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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 comply with these regulations and must not seek to encourage employees to breach them. Failure to comply may bring the office of 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 the Local Audit and Accountability Act 2014, as amended.
- Approve refers to an online action allowing an electronic transaction to proceed.
- Authorise refers to a decision of the council, committee or officer under delegated powers.
- Proper practices means those set out in *Governance and Accountability for Local Councils – A Practitioners' Guide (JPAG)*.
- Must indicates a statutory obligation.
- Shall indicates a council instruction.

1.5 The Responsible Financial Officer (RFO) is a statutory officer appointed by the council. The Clerk has been appointed as RFO and shall:

- act under the policy direction of the council;
- administer the council's financial affairs in accordance with legislation and proper practices;
- determine the accounting records and systems of internal control;
- ensure records are kept up to date;
- seek economy, efficiency and effectiveness;
- produce financial and management information as required.

1.6 **The council must not delegate decisions relating to:**

- **setting the budget or precept;**
- **approving accounting statements or the Annual Governance Statement;**
- **borrowing;**
- **declaring eligibility for the General Power of Competence;**
- **approving the effectiveness of internal controls;**
- **responding formally to audit recommendations.**

1.7 The council shall:

- approve and regularly review the bank mandate;
- authorise any single commitment or grant 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 to manage risk and safeguard public funds.

2.2 The Clerk/RFO shall prepare a risk management policy for approval by the council. The policy and risk register shall be reviewed at least annually.

2.3 When considering new activities or projects, a risk assessment shall be prepared and submitted to council for approval.

2.4 The council must review the effectiveness of its system of internal control at least once a year, prior to approving the Annual Governance Statement.

2.5 The accounting control systems must:

- **ensure risks are managed;**
- **ensure prompt and accurate recording of transactions;**
- **prevent and detect fraud or error;**
- **allow reconstruction of records;**
- **clearly identify officer responsibilities;**
- **ensure proper separation of duties.**

2.6 At least quarterly, and at the financial year end, a councillor who is not the Chair or a bank signatory shall verify bank reconciliations. Evidence of the check shall be signed, dated and reported to council.

2.7 Secure backups of all financial records shall be made regularly and stored separately from the primary system.

3. Accounts and audit

3.1 Accounting procedures and financial records shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

3.2 Accounting records must explain the council's transactions and financial position and include:

- **a cashbook;**
- **records of assets and liabilities.**

3.3 The records shall facilitate timely completion of the Annual Governance and Accountability Return (AGAR).

3.4 The RFO shall complete and certify the Accounting Statements and submit them to council within statutory timescales.

3.5 The council must appoint an independent and competent internal auditor.

3.6 All members and officers must make available any documents required for audit.

3.7 Auditors must not undertake operational duties or initiate or authorise transactions.

3.8 The RFO shall make arrangements for the exercise of electors' rights and shall publish the required audit notices.

3.9 The RFO shall promptly bring all audit correspondence to the attention of council members.

4. Budget and precept

4.1 Before setting the precept, the council must approve a budget in accordance with the Local Government Finance Act 1992.

4.2 Draft budgets shall be prepared by the RFO by December each year with detailed estimates of income and expenditure for the following financial year and a three-year financial forecast.

4.3 Committees (if any) shall submit budget proposals by the end of November.

4.4 The council shall approve the final budget and set the precept no later than the end of January.

4.5 Unspent budgets for completed projects shall not be carried forward. Funds for incomplete projects may be carried forward only with formal council approval via an earmarked reserve.

4.6 The budget shall be used to monitor expenditure and income throughout the year.

5. Procurement

5.1 Members and officers must seek value for money at all times.

5.2 The RFO shall confirm the legal power for new or unusual expenditure and ensure it is recorded in the minutes.

5.3 The Procurement Act 2023 and Procurement Regulations 2024 must be followed where applicable.

5.4 Competitive pricing shall be obtained as follows (excluding VAT):

- Over £60,000: formal tender process (Appendix 1).
- £3,000 – £60,000: at least 3 fixed-price quotations.
- £500 – £3,000: at least 3 estimates where practicable.
- Below £500: value for money required, competition not mandatory.

5.5 Contracts shall not be split to evade thresholds.

5.6 The council is not obliged to accept the lowest quotation or tender.

5.7 Delegated authority within budget:

- Clerk/RFO up to £500;
- Clerk/RFO in consultation with Chair up to £1,000;
- Council above £1,000.

5.8 In an emergency posing immediate risk to services or public safety, the Clerk may authorise expenditure up to £1,000, reporting the action to council as soon as practicable.

6. Banking and payments

6.1 The council shall approve the bank mandate and review banking arrangements annually.

6.2 All payments must be authorised and processed to minimise fraud risk, with at least two people involved wherever possible.

6.3 Invoices shall be examined, verified and certified by the RFO before payment.

6.4 Payments shall normally be made by online banking.

6.5 A schedule of payments shall be presented for approval at each council meeting and recorded in the minutes.

7. Electronic payments

7.1 The RFO shall act as Service Administrator for internet banking.

7.2 At least two authorised signatories shall approve each online payment.

7.3 No passwords or PINs shall be disclosed.

7.4 Changes to supplier bank details must be independently verified by two authorised persons.

8. Cheque payments

8.1 Cheques shall be signed by two authorised councillors.

8.2 Signatories with a personal or business interest in a payment shall not sign that cheque.

9. Payment cards

9.1 No council credit or debit cards shall be issued unless specifically approved by council.

9.2 Personal cards shall not be used except for reimbursable expenses in accordance with council policy.

10. Petty Cash

10.1 The council shall not maintain a petty cash float. All cash receipts must be banked intact.

11. Payment of salaries and allowances

11.1 The council shall comply with PAYE, National Insurance and pension legislation.

11.2 Salary scales and changes shall be approved by council.

11.3 Salary payments and deductions shall be reported to council in summary form.

12. Loans and investments

12.1 The council may borrow only with council approval and any required Government consent.

12.2 An Investment Strategy shall be reviewed annually.

13. Income

13.1 The RFO shall be responsible for collecting all sums due to the council.

13.2 Fees and charges shall be reviewed annually.

13.3 Bad debts shall be written off only with council approval.

13.4 VAT reclaims shall be submitted at least annually.

14. Payments under contracts for building or other construction works

14.1 Payments shall be made in accordance with contract terms and certified stages.

14.2 Variations exceeding 5% of contract value or budget must be reported to council.

15. Stores and equipment

15.1 Officers shall be responsible for the care and custody of equipment.

15.2 Delivery notes shall be retained.

16. Assets, properties and estates

16.1 The RFO shall maintain an up-to-date Asset Register.

16.2 Assets shall be verified annually.

16.3 Disposal of assets over £500 requires council approval.

17. Insurance

17.1 Insurance arrangements shall be reviewed annually following risk assessment.

17.2 Adequate fidelity guarantee insurance shall be maintained.

18. Charities

18.1 Where the council acts as sole trustee, separate accounts shall be maintained in accordance with Charity Law.

19. Suspension and revision of Financial Regulations

19.1 These Financial Regulations shall be reviewed annually.

19.2 The council may temporarily suspend or amend these regulations by resolution in exceptional circumstances, provided reasons and risks are recorded.

Reviewed and agreed at PC Meeting on 11.05.2026

Appendix 1 – Tender process

1. Invitations shall clearly specify requirements and deadlines.
2. Tenders shall be sealed or submitted electronically in a secure manner.
3. Tenders shall be opened at the same time in the presence of at least one councillor.
4. The Bribery Act 2010 shall apply to all tendering.