Mattishall Parish Council
Financial Regulations

Abbreviations:
RFO Responsible Financial Officer
AGAR Annual Governance and Accounting Return
G&A Governance and Accountability – Practitioners Guide produced by JPEG and known as 'Proper Practices'
GPC General Power of Competence
TOR Terms of Reference

1. General

These regulations govern how the Council conducts its financial affairs. They set out how all financial matters are dealt with (with reference to Governance & Accountability). The Council must have an RFO. The RFO must administer the finances of the council according to proper practises. Financial Regulations are approved by full Council and can only be amended by full Council.

The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- Setting the final budget or the precept (council tax requirement)
- Approving accounting statements
- Approving annual governance statement
- Borrowing
- Writing off bad debts
- Declaring eligibility for the General Power of Competence; and
- Addressing recommendations in any report from the internal or external auditors

Shall be a matter for the full council only.

These regulations were approved in **July 2026** and will be updated annually unless the law or the council's financial activities change, or professional and competent advice is given requiring this to be done sooner.

2. Accounting, Audit and Internal Control

2.1. The RFO must be responsible for maintaining the cash book, and completing the year-end receipts and payments accounts from the totals in the cash book as soon as possible after the year-end.

2.2. These accounts should be presented showing a comparative previous year for both receipts and payments. The totals in the accounts are then transferred to the relevant sections of the AGAR Accounting Statement. A year-end bank reconciliation must be undertaken, and the Chairman should sign this and the year-end bank statement(s).

2.3. The Council must have a suitable item on every agenda (for example “Financial Matters) for financial reporting which will include details of all receipts and payments, bank account reconciliations to cash book, balances of all accounts held and budget monitoring. This will provide supporting evidence of an effective system of internal control for its accounting records and financial activities in accordance with proper practices. The purpose and detail of internal control must be recorded in a statement or policy document approved and annually reviewed by Council.

2.4. The Council should appoint one of its members to the role of Internal Control Officer, and the officer will conduct a check of various items at least quarterly. A check list will be drawn up by the RFO. The list should include, among other things, verifying the receipts and payments schedules, the quarterly bank reconciliations which should be signed by the authorised members, the submission of VAT claims. A report of this check should be made to the Council (under “Financial Matters”) and included in the minutes.

2.5. The Council must appoint an Internal Auditor by October of each year and must receive a quotation for this work. A letter of appointment must be sent to the Internal Auditor. In this letter, the Internal Auditor must be advised of their role which is to evaluate the effectiveness of the council’s risk management, internal control and governance processes in accordance with proper practices specified in G&A. The Internal Auditor must be competent and completely independent of the financial operations of the council. They must report to the Council in writing and this report must include explanations for any “NO” boxes on Page 3 of AGAR and the advice given to the Council to remedy this situation. This report must be considered by the Council, prior to signing off AGAR (Governance Statement). Any recommendations made by the Internal Auditor, should be implemented or reasons why they are not, recorded in the minutes. The RFO must make available such documents and records as the Internal Auditor requests for the purpose of the audit.

2.6. The Council must have an agenda item for the approval of AGAR Part 3 (Governance Statement followed by Annual Accounting Statement). The Annual Governance Statement will then be signed by the clerk and chairman, the Accounting Statements will be signed by the chairman (this should have already been signed by the RFO). This must be done within statutory time limits, by 30 June.

2.7. The RFO must advertise Electors Rights', as required by law to include both the notice and supporting statement.

2.8. The completed AGAR and accompanying papers must be sent to the External Auditor by 1 July. Any comments raised by the External Auditor must be answered by the RFO as soon as possible. The completion of the External Audit must be published by 30 September.

2.9. There is no requirement to publish specified financial information (other than the Annual Governance Statement, Accounting Statements and Electors' Rights notice and supporting statement), but is best practice to follow the Transparency Regulations applicable for councils under £25,000. All information could be requested either during the Electors' Rights period or under Freedom of Information Regulations.

2.10. Regular back-up copies should be made of all the records on any council computer and stored either online or a separate location. The RFO must ensure that any computer used for the council's financial business has adequate security.

3. The Budget

3.1. The budget must be constructed referring to the last completed year, both the budget and the actual, the present year (at a half year point), the predicted year-end figures and plans for at least the next year. Reserve funds should be identified.

3.2. The budget must be approved by full Council in time to submit the precept request to the District / Borough Council in **January**. Approval of the budget and the precept must be minuted. Where there are Committees with TOR which enable those Committees to budget for their activities, draft Committee budgets should be presented ahead of preparation of the final budget. See also footnote 1.

3.3. The RFO must report to the Council quarterly on actual spending against budget highlighting and explaining any significant variances. Significant is 25% over/under budget. The budget monitoring should be minuted (under "Financial Matters") and the reasons for variations detailed either in the minutes or on a supporting schedule.

4. Authority to spend (s101)

4.1. Under the Local Government Act 1972 s101, urgent expenditure may be authorised for the following:

- The Council for all items over £500
- The Clerk, in conjunction with Chair of Council for any items below £500

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.

4.4. The salary budgets are to be reviewed at least annually as part of preparation of the budget for the following financial year. The RFO will inform committees of the Council of any changes impacting on their budget requirement for the coming year in good time.

4.5. Changes in earmarked reserves shall be approved by the council as part of the budgetary control process.

5. Banking

5.1. Monies received must be banked on a regular basis by the RFO.

5.2. The Council must agree any changes in the bank mandate or the bank. Banking arrangements should be reviewed annually by the Council.

5.3. Direct debit or standing order payments may be permitted, with the approval of council, for regular items such as utility bills, ICO fee or payroll

(refer Item 7). Such payments must be signed by two authorised members. Variable direct debit payments may also be made, with Council approval. Amounts so paid should be reported to the Council in the regularly presented payment schedule under “Financial Matters”.

5.4. Cash income received must be banked separately and intact. Handling cash should involve at least two people.

5.5. The RFO may move money between bank accounts without prior approval by the Council. Any such moves should be reported to Council in “Financial Matters”.

5.6. Monies not immediately required should be retained in a higher interest paying account wherever possible.

5.7. No more than £85,000 should be held in any one bank or Building Society.

6. Making Payments and Petty Cash

6.1. Invoices for payment must be checked by the RFO and verification obtained regarding the supply of goods or works. They must be entered onto a schedule and signed by the RFO, for approval by Council.

6.2. The payment schedule must be included in the minutes (Financial Matters) or attached as an appendix to the minutes with a reference to this in the minute.

6.3. BACS payments in accordance with the schedule as presented to council or committee shall be set up by the RFO and authorised by one signatory to release the payments. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question. Cheques drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of the council in accordance with a resolution instructing that payment.

6.4. All authorised signatories may have access to view the council’s bank accounts online, but there must be no disclosure of any PIN or password to any person other than those authorised.

6.5. No signatory should be involved in approving any payment to themselves.

6.6. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the RFO and shall be subject to automatic payment in full at each month-end. Members or staff may use their own personal credit or debit card to purchase an item for the council, but they are not under any obligation to do so. The council will reimburse staff expenditure that has been pre-approved.

6.7. The Council keeps no petty cash.

7. Salaries and staff expenses

7.1. The RFO must ensure that all salary and other relevant payments comply with PAYE and other rules issued by HMRC and are approved by Council. Payment of salaries and deductions from salary such as tax, national insurance and pension contributions must be made in accordance with the payroll records.

7.2. Salary rates shall be agreed by the Council.

7.3. Salaries must be paid on the date specified in Contracts (refer 5.3)

7.4. Expenses to be refunded to officers must be supported by a detailed cost sheet and invoices.

7.5. Termination payments must be authorised by the Council.

7.6. All personal payments may be summarised.

7.7. Each payment to employees of net salary and the statutory deductions shall be recorded in a payroll account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook.

7.8. Payroll reports must be reviewed by the Council to ensure that the correct payments have been made.

8. Loans, Reserves and Investments

8.1. Any loans must be approved by full Council and held in the name of the Council.

8.2. Any financial arrangement which does not require formal borrowing approval such as Hire Purchase, leasing of assets or loans to be repaid within the financial year must be authorised by full Council, following a written report on the value for money of the proposed transaction.

8.3. The Council should have an Investment Policy which should be reviewed by the Council at least annually. All investment of money must be in the name of the Council. All investment certificates and other documents shall be in the Council's name and retained in safe custody by the RFO.

8.4. End of year balances must identify the working balance and reserves held, and their purpose. Reserves, wherever possible, should be held in a higher interest paying account (refer 5.6).

9. Receipts

9.1. The RFO must issue invoices promptly and the Council must have collection arrangements, issuing a statement after 30 days for unpaid invoices. Copies of invoices must be retained and referenced to the cash book entries.

9.2. A Bad Debt Policy should be agreed by the Council. Irrecoverable amounts can only be written off by Council, following a report from the RFO.

9.3. The Council will review all fees and charges for work done, services provided, or goods sold annually as part of the budget-setting process, following a report from the RFO.

9.4. The origin of each receipt must be recorded on the paying-in slip and, where multiple payments are received such as allotments, on a schedule.

9.5. No personal cheques can be encashed from Council funds.

9.6. Where significant sums of cash are received by the Council, at least two people must count the money, and the banking of this cash is risk assessed (refer 5.4 above). There should be a reconciliation of cash counted against a control record for example number of car park tickets issued or stall takings.

10. VAT

Claims and returns should be completed promptly by the RFO at least quarterly (where the claim exceeds £100), otherwise annually. If the Council is registered for VAT, then claims must be submitted quarterly. VAT on till receipts up to £200, may be reclaimed provided there is a VAT Registration number on the receipts. The RFO must ensure that all invoices received are made out to the Council, enabling VAT to be reclaimed.

11. Orders

11.1. Before placing an order

11.1.1. one written quotation is required for items costing up to £1,000.

11.1.2. for items costing £1,000 - £5,000, two quotations should be obtained before committing to expenditure.

11.1.3. items costing £5,000 - £10,000 three written quotations should be obtained.

11.1.4. for items costing £10,000 to £25,000 the Council should go out to tender. The tender must remain in a sealed envelope until the prescribed date to open, alternatively tenders may be forwarded electronically and remain confidential to the RFO until the prescribed date.

11.2. Under the Public Bodies Admissions to Meeting Act 1960, the Council or delegated committee may close the meeting to press and public for consideration of quotations or tenders. If they chose not to do this and the quote or tender is not accepted no person shall be permitted to submit a later tender, estimate or quote who was present at the original decision-making process.

12. Contracts and Procurement

12.1. For capital projects and other contracts estimated to cost in excess of £25,000 the council's Standing Orders "Contracts and Procurement" must be followed. These must be detailed in full in Standing Orders (refer Footnote 2).

12.2. Where contracts detail payment by instalments, the RFO shall maintain a record of all these payments. The decision to make these instalment payments must be based on advice from professionals such as an architect or consultant for the works. This information should be detailed in the tender document.

12.3. Any cost variations must be reported to the Council where they are likely to exceed the contract sum by 5% or more.

13. General Power of Competence (GPC) or S137 Payments

The RFO should check that the council has the necessary power to incur the expenditure.

S137 payments should be identified in a separate column of the cash book and be identified as such (and minuted) at the meeting at which they are approved. The total of any s137 payments must be advertised at year-end in the notes to the accounts.

There must be a minute to confirm adoption of GPC at a full Council meeting, the minute recording that the Council meets the two requirements for GPC. GPC must be reaffirmed at the Annual Parish Council Meeting following an ordinary election.

14. Stores

Stores and Equipment should be kept safely and securely. All goods received must be checked at the time of delivery. Stores should always be kept at the minimum level required. Periodic stock checks should be made and as a minimum at the year-end.

15. Assets and Insurances

15.1. The Council has an insurance policy which is reviewed annually, and which must include Employers Liability and Fidelity Guarantee. Public Liability Insurance, while not mandatory, must be included in any policy document. Other appropriate insurances should be in place. The Council should forward a copy of their Asset Register to their insurer and arrange appropriate cover. All new risks and property must be advised to the insurer at least 2 weeks ahead of any activity. Any loss, liability, damage or event likely to lead to a claim must be reported to the insurer and the Council.

15.2. The Asset Register is a record of all properties held by the council, their location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held. It must be maintained by the RFO and should be reviewed during the year (for example at times when assets are purchased) and at year-end. A planned inspection of all assets should take place annually. The RFO must make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.

15.3. No asset, except with an estimated value of under £50, shall be disposed of, without the authority of the council. The best possible price must always be obtained.

15.4. Assets should be maintained through earmarked reserve funds which must be detailed at year-end.

15.5. No interest in land shall be purchased, sold, leased or otherwise disposed of without the authority of Council, together with any other consents required by law. In each case a professional report shall be provided to the Council in respect of valuation and surveyed condition of the property. The Council must ensure an adequate level of consultation with the electorate has taken place before either disposal or purchase. A full business case should be presented to the Council.

16. Risk Management

The Council needs to be aware of the significant risks that it faces and decide how to manage them. This must be recorded in a Risk Management Schedule. The risks must be assessed, and action taken to minimise the risk. The Schedule should have appropriate headings for risks (e.g. governance, financial, operational). Each risk must be risk assessed using the Risk Matrix in G&A. Ways to reduce that risk are then identified such as insurance, inspections and risk assessments. The RFO must be responsible for this document and the Council must review this annually.

17. Charities

Where the council is sole managing trustee of a charitable body the RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

18. Suspension and Revision of Financial Regulations.

The Council shall review these Financial Regulations annually. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations. Excepting where the law applies, the Council may suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks are considered.

Mattishall Parish Council
Financial Regulations

Date Approved July 2026

Date to be reviewed July 2027

Footnote 1: Any councillor 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

Footnote 2: Local Government Act 1972 s135