

NALC – ISSUE MARCH 2025

MODEL FINANCIAL REGULATIONS FOR LOCAL COUNCILS

This Model Financial Regulations template was produced by the National Association of Local Councils (NALC) in March 2025 for the purpose of its member councils and county associations. Every effort has been made to ensure that the contents of this document are correct at time of publication. NALC cannot accept responsibility for errors, omissions and changes to information subsequent to publication.

Notes to assist in the use of this template:

- 1) This document is a model for councils of all sizes to use to develop their own financial regulations, suitable for the size of the council and the activities it undertakes.
- 2) Bold text indicates legal requirements, which a council cannot change or suspend.
- 3) For the rest, each council needs to adapt the model to suit its size and structure. For example, some councils have both a clerk and RFO, possibly with several more staff, while others have a single employee as clerk/RFO. Some councils have committees, some have a high level of delegation and some make all decisions at full council meetings. Many now use online payment methods, but others still rely on cheques.
- 4) Curly brackets indicate words, sentences or sections that can be removed if not applicable, or amended to fit the council's circumstances.
- 5) The contents list is a table that extracts section headings from the document. It can be updated by clicking on the contents list, whereupon a tab saying "update table" appears at the top of the list.
- 6) Once this model has been tailored to fit the council's needs, the resulting Financial Regulations (with the insertion of the council's name at the top) should be adopted at a meeting of the full council. The date of adoption should be inserted below the Contents. Any subsequent proposal for amendment should also be made to the full council.
- 7) The council should keep abreast of developments in legislation that affect the local council sector and should review and update its Financial Regulations annually.
- 8) Please ensure that the latest approved version is published on the council's website.

UPTON GREY PARISH COUNCIL FINANCIAL REGULATIONS 2026

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These Financial Regulations were adopted by the council 2026.

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 are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.
- 1.2. Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings 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 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 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 Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
 - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
 - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. The Clerk has been appointed as RFO and these regulations apply accordingly. The RFO;
 - acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the 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 council resources; and
 - produces financial management information as required by the council.
- 1.6. **The council must not delegate any decision regarding:**
 - **setting the final budget or the precept (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**

2. Risk management and internal control

- 2.1. The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**
- 2.2. At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 2.3. 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**
 - allow the reconstitution of any lost records;**
 - identify the duties of officers dealing with transactions and**
 - ensure division of responsibilities.**

3. Accounts and audit

- 3.1. The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable 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;**
- 3.2. 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.**
- 3.3. 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..**

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. 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 disclose at the start of the meeting that Section 106 applies to them.**
- 4.3. The RFO shall issue the precept to the billing authority no later than the end of February .**

5. Procurement

- 5.1. Members and officers are responsible for obtaining value for money at all times**
- 5.2. 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 Procurement Act 2023 and The Procurement Regulations 2024 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**

- 5.3. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.**
- 5.4. **Contracts must not be split to avoid compliance with these rules.**
- 6. Payment of salaries and allowances**
 - 6.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**
 - 6.2. **Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**