BARNOLDSWICK TOWN COUNCIL

FINANCIAL REGULATIONS

Version	Date	Review
1	June 2026	April 2027

1. General Governance

1.1 These Financial Regulations govern all financial management of Barnoldswick Town Council and may only be amended by resolution of Full Council.

1.2 The Council is responsible for ensuring proper financial administration in accordance with the Annual Governance and Accountability Return (AGAR) requirements and the current Practitioners' Guide:

www.nalc.gov.uk/resource/practitioners-guide-2025.html

1.3 The Responsible Financial Officer (RFO) is responsible for the administration and management of the Council's financial affairs under the direction of Full Council.

1.4 No Member or Officer may act outside these Financial Regulations or their delegated authority.

2. Financial Authority Framework

2.1 Financial activity is separated into three distinct functions:

- Commitment of expenditure
- Authorisation of expenditure
- Release of payment

2.2 No Council Member may control more than one stage of the financial transaction process.

2.3 All financial decisions must be properly recorded through Council minutes or approved financial schedules.

3. Budget Setting and Control

3.1 The RFO shall prepare an annual budget and forecast of income and expenditure for Council approval.

3.2 The approved budget shall form the basis for the annual precept and financial control.

3.3 The precept shall be approved by Full Council prior to submission to the billing authority.

3.4 Committees may only operate within budgets formally delegated by Council.

3.5 Expenditure shall not be incurred outside approved budgets without prior Council approval.

3.6 The RFO shall provide budget monitoring reports to Council at least quarterly.

4. Risk Management and Internal Control

4.1 The Council shall maintain a Risk Management Policy reviewed at least annually.

4.2 The RFO shall maintain systems of internal control to safeguard Council assets.

4.3 A Risk Register shall be maintained and reviewed annually by Council.

5. Accounting, Audit and Transparency

5.1 The RFO shall maintain accurate accounting records in accordance with statutory requirements.

5.2 Year-end accounts shall be prepared and submitted within statutory deadlines.

5.3 The Council shall appoint an independent Internal Auditor who:

- Is independent of Council financial operations
- Is suitably qualified and experienced in local council governance and accounting
- Has demonstrable knowledge of Practitioners' Guide requirements

Where practicable, the Council should appoint an auditor with proven experience in local authority audit work, including those listed within recognised local council professional directories (including LALC/NALC).

5.4 The Internal Auditor shall report directly to Full Council.

5.5 Internal and external audit findings shall be formally considered by Council and appropriate actions recorded.

5.6 A nominated Councillor (not involved in financial processing) shall verify bank reconciliations at least quarterly.

6. Banking, Payments and Financial Controls

6.1 Banking Arrangements

6.1.1 All banking arrangements shall be approved by Full Council and regularly reviewed.

6.1.2 The Council shall operate strict dual-authorisation controls for all payments.

6.2 Approved Payment Methods

6.2.1 The Council may only make payments via:

- Cheque
- Bank transfer (including BACS/Faster Payments)
- Direct Debit (approved in advance by Council)
- Council charge card

6.3 Direct Debits and Charge Cards

6.3.1 All Direct Debits must be:

- Pre-approved by Council
- Regularly reviewed
- Recorded in payment schedules

6.3.2 Charge card use must be:

- Limited by Council-approved controls (maximum £250 per single transaction)
- Fully supported by receipts and invoices
- Reconciled monthly
- Approved prior to payment processing where possible

6.4 Separation of Council Funds

6.4.1 All Council expenditure must be paid directly from:

- The Council bank account; or
- Properly controlled petty cash

6.4.2 Reimbursement of Officers or Councillors may only occur where:

- Prior approval is obtained (except in genuine emergency cases)
- Valid receipts are provided
- Reimbursement is processed through Council accounts

6.4.3 Any exceptional use of personal funds must be fully evidenced and approved by the RFO or Council as appropriate.

6.5 Payment Authorisation Controls

6.5.1 All payments must be authorised by two of the three independent authorised signatories or approvers.

6.5.2 No payment may be approved by a single individual.

6.5.3 Payments requiring authorisation are added by the RFO or Council Officer, not Councillors.

6.5.4 Authorised signatories must be approved by Full Council resolution.

6.6 Household and Conflict of Interest Controls

6.6.1 No two persons from the same household or immediate family may simultaneously hold payment authorisation or banking approval authority.

6.6.2 Where such a relationship exists, only one individual may retain financial authorisation status.

6.6.3 Immediate family includes a spouse, partner, cohabiting household member, parent, child or sibling.

6.7 Suspension or Removal of Financial Authority

6.7.1 The Council may suspend or revoke financial authorisation by resolution where concerns arise relating to:

- Breaches of the Code of Conduct
- Reputational risk to the Council
- Safeguarding concerns

- Suspected financial irregularity
- Criminal investigation or proceedings
- Behaviour inconsistent with public office standards

6.7.2 Suspension may be applied immediately and without prejudice pending investigation.

6.7.3 Reinstatement of authority must be by Full Council resolution.

6.8 Emergency Expenditure

6.8.1 The Clerk may authorise urgent expenditure up to £1,000 where necessary to:

- Prevent harm or significant loss
- Comply with statutory duties

6.8.2 Such expenditure must:

- Be limited to essential items
- Be reported to the next Council meeting
- Be fully documented

7. Procurement and Contracts

7.1 The Council shall achieve best value in all procurement.

7.2 The following thresholds apply:

- Under £1,000: single quote (must be evidenced)
- £1,000–£10,000: minimum two written quotations
- Over £10,000: minimum three quotations or formal tender process

7.3 Exceptions to competition must be:

- Fully justified in writing
- Approved by Council or delegated authority
- Recorded in Council minutes

7.4 The Council is not obliged to accept the lowest quotation if it is not the most economically advantageous. Social value and ethical procurement shall be considered.

8. Income and Banking

8.1 All income shall be recorded promptly and banked without delay.

8.2 VAT returns shall be submitted in accordance with HMRC requirements.

8.3 Any proposed write-off of debt must be approved by Council.

9. Payroll and Staff Payments

9.1 Payroll shall be administered in accordance with statutory requirements and Council-approved contracts.

9.2 All salary payments shall be verified by the RFO prior to processing.

9.3 Where applicable, timesheets must be certified before payment.

10. Assets, Reserves and Risk

10.1 The Council shall maintain a comprehensive Asset Register reviewed annually.

10.2 The Council shall maintain a Reserves Policy including earmarked reserves.

10.3 Risk management shall be formally reviewed at least annually.

11. Insurance

11.1 The RFO shall ensure adequate insurance cover is maintained at all times.

11.2 Fidelity guarantee insurance shall cover all Members and Officers with financial responsibilities.

11.3 All insurance claims shall be managed and reported through the RFO.

12. Review of Financial Regulations

12.1 These Financial Regulations shall be reviewed annually or sooner if required due to audit findings, legislative changes, or governance concerns.