Financial Regulations for Rushden and Wallington Parish Council

May 2026

General Expenditure Regulations

1. The Parish Council shall agree a budget for each financial year (usually at the January Parish Council meeting) prior to setting the precept for that year.

2. Expenditure / invoices received from suppliers for the budgeted year, that are uniquely identified and that do not exceed the approved budget levels, shall be deemed to be pre-approved for payment subject to the conditions in Appendix A.

3. If the invoice exceeds the agreed budgeted limit then the Clerk will email the Parish Councillors with a request to approve payment and an explanation as to why the invoice exceeds the budgeted amount and what actions have been taken to minimise the budgeted overspend. Once a majority of Parish Councillors have responded with their approval then the Clerk can release the payment for approval in the normal way.

4. A summary of ongoing Expenditure vs Budget shall be reported by the Responsible Financial Officer at every Parish Council meeting for approval. Ad hoc summaries may well be circulated for awareness if the volume of payments is deemed significant.

5. Specific financial limits in relation to these financial regulations shall be reviewed annually. (See Appendix A)

6. The Parish Council's precept shall be divided between Rushden and Wallington using a 2:1 ratio, and each village shall retain its own reserve within the Parish Council's funds.

7. Rushden and Wallington shall each maintain a reserve, the level of which is specified in Appendix A, which shall be set aside for use in exceptional circumstances. If exceptional expenditure causes either reserve to fall below the limit, the following years' budgets will aim to top up the reserve at a rate also stated in Appendix A until it has been fully restored.

8. At least two quotations shall be obtained for all items of expenditure over the agreed threshold (See Appendix A). Ongoing contracts over the agreed threshold (see Appendix A) shall be reviewed annually when the budget is agreed. A minimum of two quotations shall be obtained at least every three years.

9. Items covered by the Emergency Expenditure Regulations outlined below shall be the sole exceptions to the Financial Regulations.

10. Electronic Banking - when the interest rate on the reserve / current account is zero ;

    a. The Clerk (acting as the Responsible Financial Officer) and 2 Parish Councillors have access to electronic banking ('The Signatories')

b. No single Signatory can withdraw money from the account. It can only be done by 2 of the 3 Signatories.
c. The Signatories with access to electronic and mobile banking are responsible for ensuring the security of their access codes, passwords and keypads.
d. At least one Signatory shall be nominated from each Parish.
e. The Clerk, as Responsible Financial Officer, shall also be a signatory for administrative purposes and in exceptional circumstances can set up or authorise payments along with one other Signatory.
f. The Clerk will provide the other 2 Signatories with electronic copies of invoices that are due payment.
g. If the payment is to a new supplier then the ‘New Supplier’ process must be followed. See Appendix B
h. If the supplier has previously been paid electronically and the payment is within the approved budget limits then the normal electronic banking process below will be followed;
    i. One Signatory submits the payment details (payment reference, date to be paid and amount) by choosing the supplier from the existing payee list
    ii. The second Signatory subsequently authorises the payment.
    iii. The second Signatory who authorises the payment should inform the Clerk when this has been done so that the Clerk can advise the supplier that payment has been made and can ask for acknowledgement.

11. Electronic Payments when the reserve / savings account pays interest.

The aim of this process is to maximise the return on the cash held at the bank. This may be a temporary process whilst interest rates are high enough for the reserves / savings account to pay interest (the banks can reduce the interest they pay to zero on reserve / savings account when interest rates are low). When this occurs the following process will not be followed and the process in point 10. above will be followed.

a. The aim is to maximise the amount in the reserves that can earn interest.
b. We will maintain the current account with a buffer of £500 in it to avoid going overdrawn.
c. When the Clerk receives an invoice for payment, the Clerk will be responsible for transferring the invoiced amount from the reserves/savings account to the current account. The Lloyds reserves account only allows transfers to the Lloyds current account so only signatory is needed to do this.
d. The Clerk, in the normal way, will then inform the signatories by email that an invoice requires payment and will attach the invoice to the email.
e. The Clerk will confirm that the invoice is within agreed budgeted levels and is therefore OK to pay.
f. If it is not within the agreed budgeted levels then point 3. above - the financial regulation process of getting PC approval will be started. If and when approval is granted, then steps 1-5 above will be actioned.
g. A final check required by the signatories is that they must make sure that there will be sufficient funds in the current account after they approve the invoice to maintain the £500 buffer. This is to avoid unnecessary overdraft charges.
h. If they find that there will not be enough funds then they must **NOT** make the payment and immediately inform the Clerk of the situation.

i. The Clerk will then investigate why the process has broken down and will then communicate with both signatories as to what the solution will be.

12. Payment by cheque;
    a. At least two Parish Councillors shall be authorised as signatories for cheques written against the Parish Council's bank accounts. At least one signatory shall be nominated from each Parish. All cheques must be signed by two authorised signatories. The Responsible Financial Officer shall also be a signatory for administrative purposes. In an emergency the RFO may act as one of the cheque signatories.

    b. If payment by Parish Council cheque or electronic banking is not possible or practical for an item of approved expenditure, any member of the Parish Council may pay using their personal credit or debit card and reclaim the costs. They must first check with the Clerk, as Responsible Financial Officer, that the amount does fall within the approved expenditure definition. A written claim for reimbursement of expenditure together with all relevant supporting documents must then be made to the Clerk in writing within 28 days, accompanied by a VAT invoice (if applicable). It is imperative that the invoice states the name of the Parish Council as well as the Parish Councillor, in order that the Parish Council can reclaim the VAT.

    c. If payment by Parish Council cheque or electronic banking is not possible or practical for an item of expenditure that is not within the agreed budget, then notify the Responsible Financial Officer as soon as possible who will then determine the most appropriate method of payment which may include using the Councillor's personal credit or debit card. The RFO will then seek approval from the Chair and one other Parish Councillor before payment is to be made. A written claim for reimbursement of expenditure together with all relevant supporting documents must then be made to the Clerk in writing within 28 days, accompanied by a VAT invoice (if applicable). It is imperative that the invoice states the name of the Parish Council as well as the Parish Councillor, in order that the Parish Council can reclaim the VAT.

13. Any changes to the Parish Council's banking Signatories must be approved in advance by the Chair and one other Councillor.

<u>Emergency Expenditure</u>

A: <u>Emergency Expenditure from Parish Council Funds</u>

1. The Chair and individual Councillors may, with the written agreement (including electronic approval) of all other Councillor(s) representing the same Parish, act on behalf of the Parish Council to authorise emergency expenditure up to the level stated in Appendix A.

2. Councillors must notify the Chair and Responsible Financial Officer as soon as possible (in advance preferably) of any emergency expenditure.

3. Before giving their agreement to any emergency expenditure, the Parish Councillors for the Parish must be satisfied:
    a. That the expenditure is reasonable and represents good value for money.
    b. That the item concerned is the direct responsibility of the Parish Council.
    c. That the expenditure needs to take place before the next Parish Council Meeting, for example, due to a health or safety hazard.

B: Urgent Funding Applications and Related Expenditure

1. Whenever possible, funding applications and the expenditure covered by them will be agreed in advance by resolution at a Parish Council meeting.

2. If the timescale required for a funding application does not permit it to be agreed in advance at a Parish Council Meeting, the Councillor making the application may act on behalf of the Parish Council if all the following conditions are met:

    a. The Chair and 1 other Councillor have given written agreement to the application.

    b. Match-funding required from the Parish Council does not exceed that stated in Appendix A.

    c. The RFO has been informed of the application.

    d. The RFO has confirmed that any Parish Council costs can be covered within the current year's budget.

    e. The RFO has confirmed that the timing of income and expenditure related to the funding application will not cause any cash flow issues for the Parish Council.

    f. The expenditure covered by the funding application shall be confirmed by resolution and recorded in the minutes at the next Parish Council Meeting.

Appendix A: Agreed Financial Limits (Financial Year 2021-22)

General Expenditure

• Minimum financial reserve level:	£1000 per village
• Level of expense for which two quotations are needed	>£300
• Contracts for annual review and re-tendering every 3 yrs.	>£300

A: Emergency Expenditure from Parish Council Funds

- Maximum permitted level of emergency expenditure: £200

B: Urgent Funding Applications and Related Expenditure

- Maximum permitted level of match-funding £200

<u>Appendix B: New Supplier Payment Process</u>

For any new supplier that is paid by electronic banking that has not already been set up as a payee the following process is to be followed to ensure that the payments are being made to the correct organisation / person and to the correct bank account.

This is to avoid electronic fraud and to enable the Parish Council to prove that it took all precautions necessary should any future fraud occur (for both claims against the banks or for any future insurance claim)

1. The supplier must provide a legitimate VAT invoice (if applicable), made out Rushden and Wallington Parish Council.

2. If applicable the invoice must include their Company registration details, VAT Number, suppliers bank details, including the exact name in which the bank account is held (this will be checked by the banks in their anti-fraud process and if not correct may hold up any payment)

3. Any of the Parish Council bank Signatories can set the new supplier up as a new payee on the Parish Council electronic bank account with the relevant payment details and invoice references.

4. The bank systems will automatically verify that the name of the payee matches the bank details that they hold on record.

5. If they don't match a warning is given. This doesn't mean that the bank details are incorrect just that the name entered does not match exactly the name held on record by the bank.

6. If they do match then this gives reassurance that the payment is going to the correct Company identified on the invoice.

7. A test payment of £1 is to be made regardless of whether the names match. This is to avoid fraudulent invoicing or 'ghost invoicing'

8. The second Signatory then approves this payment for £1 and lets the RFO know that a test payment has been made.

9. The RFO contacts the supplier directly to let them know that a test payment is being made and asks the supplier to confirm when the £1 test payment has been received successfully.

10. Upon receipt of this confirmation the Clerk will ask the Signatories to make the balancing payment in the normal way to the Supplier, who is now set up on the Parish Council bank account payee list.