



Denbigh Town Council Financial Regulations

Updated: 02.03.2026

Ratified: 23.03.2026

Next review Date: April 2027

1. GENERAL

1.1 These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council.

1.2 These Regulations form part of the Council's system of internal control and operate alongside:

- Standing Orders
- Code of Conduct
- Risk Management Policy
- Asset Register
- Procurement Procedures

1.3 The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control.

1.4 The Council shall secure:

- Timely production of accounts
- Safeguarding of public money
- Prevention and detection of fraud
- Clear division of responsibilities

1.5 The Council shall review the effectiveness of its system of internal control annually before approving the Annual Governance Statement.

1.6 The Responsible Financial Officer (RFO) is a statutory officer appointed by the Council. The Clerk is appointed as RFO unless otherwise resolved.

1.7 The RFO shall:

- Act under policy direction of the Council
- Maintain accounting records
- Ensure compliance with proper practices
- Produce financial reports
- Administer VAT
- Manage banking arrangements

1.8 The Council shall not delegate the following:

- Approval of the budget and precept

- Approval of Annual Governance Statement
- Approval of Accounting Statements
- Borrowing
- Writing off bad debts
- Approval of Investment Strategy

2. ACCOUNTING AND AUDIT

2.1 Accounting shall be conducted in accordance with:

- Accounts and Audit Regulations
- Proper Practices (JPAG)
- The Council's adopted accounting basis (Receipts & Payments or Income & Expenditure)

2.2 Bank reconciliations shall be completed at least monthly by the RFO and signed by a Councillor independent of the bank signatories.

2.3 The Council shall appoint an independent and competent Internal Auditor.

2.4 Internal audit shall:

- Review internal controls
- Report in writing annually
- Be independent of financial decision making

2.5 The RFO shall ensure public inspection rights are met.

2.6 All audit correspondence shall be reported to Council.

3. BUDGET SETTING

3.1 The RFO shall prepare draft estimates by January each year.

3.2 The Council shall:

- Consider the budget
- Review earmarked reserves
- Approve the precept by statutory deadline

3.3 The approved budget forms the basis of financial control.

4. BUDGETARY CONTROL

4.1 Expenditure may only be incurred within approved budgets.

4.2 Virement between budget headings requires Council approval.

4.3 The RFO shall provide quarterly budget monitoring reports showing:

- Actual vs budget
- Variances over 15% or £500 (whichever greater)

4.4 Emergency expenditure may be authorised by the Clerk in consultation with the Chair up to £1,000 and reported at the next meeting.

5. BANKING AND PAYMENTS

5.1 The Council currently operates a cheque-based payment system requiring two authorised member signatories in accordance with these Financial Regulations.

5.2 The Council recognises evolving best practice guidance issued by the National Association of Local Councils (NALC) and Governance and Accountability for Local Councils in respect of secure electronic payment methods, including BACS and internet banking with appropriate dual authorisation controls.

5.3 Denbigh Town Council resolves that during the Financial Year 2026–2027 it will formally review its banking and payment arrangements, with a view to considering the introduction of modern electronic payment methods, subject to:

- Appropriate internal control safeguards
- Dual authorisation arrangements
- Separation of duties
- Risk assessment
- Formal Council approval
- Necessary updates to these Financial Regulations

5.4 Until such time as the Council resolves otherwise, all payments shall continue to be made by cheque in accordance with Regulations 5 and 6.

5.5 The Council shall approve banking arrangements.

5.6 All payments must be authorised by resolution of Council or delegated committee.

5.7 The RFO shall prepare a schedule of payments for approval.

5.8 Electronic payments (BACS/Faster Payments/CHAPS) shall require:

- Dual authorisation
- Separation of initiation and approval where possible

5.9 Regular contractual payments (e.g. salaries, utilities, HMRC) may be authorised annually and reported monthly.

5.10 No cash float shall be maintained.

5.11 Personal credit or debit cards shall not be used for Council purchases.

5.12 Supplier bank detail changes must be verified independently before amendment.

6. PAYMENT METHODS

6.1 Payments shall normally be made by cheque until electronic transfer options are ratified and implemented, financial regulations will be updated accordingly.

6.2 Cheques must be signed by two authorised Councillors.

6.3 Internet banking access:

- Unique logins
- No shared passwords
- No saved credentials
- MFA enabled

6.4 All online banking approvals must be evidenced.

7. SALARIES

7.1 Salaries shall be paid in accordance with contracts of employment.

7.2 Payroll shall comply with:

- PAYE
- National Insurance
- Pension regulations

7.3 Changes to pay require Council approval.

7.4 Salary totals shall be reported as part of monthly payments schedule.

8. LOANS AND INVESTMENTS

8.1 Borrowing requires full Council approval and necessary consents.

8.2 The Council shall adopt and annually review an Investment Strategy.

8.3 Investments must:

- Be in the name of the Council
- Be low risk
- Preserve capital

9. INCOME

9.1 All income shall be recorded and banked promptly.

9.2 Fees and charges shall be reviewed annually.

9.3 Bad debts require full Council approval to write off.

9.4 VAT returns shall be submitted at least annually.

10. PROCUREMENT

10.1 All procurement must achieve value for money.

10.2 Procurement thresholds (NALC aligned):

Contract Value	Requirement
Up to £3,000	Reasonable value check
£3,001–£25,000	Obtain 3 written quotations
Over £25,000	Formal tender process
Over Public Contracts threshold	Full PCR 2015 compliance

10.3 Public Contracts Regulations 2015 must be followed where applicable.

10.4 Contracts shall not be artificially split to avoid thresholds.

10.5 The Council is not obliged to accept the lowest tender.

11. ASSETS

11.1 The RFO shall maintain an Asset Register.

11.2 Assets shall be verified annually.

11.3 Disposal of assets over £500 requires Council approval.

11.4 Land transactions require full Council approval and proper valuation.

12. INSURANCE

12.1 Adequate insurance cover shall be maintained.

12.2 Insurance shall be reviewed annually following risk assessment.

13. RISK MANAGEMENT

13.1 The Council shall maintain a Risk Management Policy.

13.2 Risk assessments shall be reviewed annually.

13.3 New activities must include risk assessment before approval.

14. CHARITIES

14.1 Where acting as trustee, the Council shall maintain separate accounts in accordance with Charity Commission requirements.

15. REVIEW AND SUSPENSION

15.1 Financial Regulations shall be reviewed annually.

15.2 Suspension requires:

- Prior notice
- Resolution of Council
- Recorded reasons
- Documented risk assessment