

# **CILYBEBYLL COMMUNITY COUNCIL**

## **FINANCIAL REGULATIONS**

(Adopted at the Annual Meeting of Council on 04 May 2010)

*Note: The Clerk is also the Responsible Financial Officer (RFO) of the Council and will undertake all duties appertaining to the RFO's role.*

### **1. GENERAL**

- 1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Clerk and Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The Clerk shall be responsible for the production of financial management information.

### **2. ANNUAL ESTIMATES**

- 2.1 Council shall formulate and consider budget estimates for the following financial year not later than the end of December each year, and shall fix the Precept to be levied for the ensuing financial year. The Clerk shall supply each member with a copy of the approved estimates.
- 2.2 The Annual Estimates shall be based on receipts and payments for the year, and shall be prepared by the Clerk.
- 2.3 The approved Annual Estimates shall form the basis of financial control for the ensuing year and be expressed as the Council's Approved Budget for that financial year.

### **3. BUDGETARY CONTROL**

- 3.1 Expenditure on items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the approved budget, unless formally agreed by Council.
- 3.3 The Clerk shall provide the Council, when formulating its Annual Estimates, with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.

- 3.4 The Clerk may incur reasonable expenditure on behalf of the Council which is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure. The Clerk shall exercise his/her discretion in consulting the Chairperson before incurring the expenditure, but will in any event report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the Approved Budget shall be retained and reallocated in a subsequent year, unless Council resolves to protect the relevant provision.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

#### **4. ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year, and shall submit them and report thereon to the next Annual Meeting of the Council.
- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Wales Audit Office) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations 2005 (as amended), or set by the Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. Any officer or Member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.

4.7 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

5.1 The Council's banking arrangements shall be made by the Clerk and approved by the Council. They shall be regularly reviewed for efficiency.

5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the Clerk and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council, shown in the Minutes of the Meeting, which shall be signed by the Chairperson of the Council, or whichever Member is presiding, at the following Council meeting.

5.3 Cheques drawn on the Council's bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4 shall be signed by two Members of Council and countersigned by the Clerk, or by three Members of Council as appropriate.

## **6 PAYMENT OF ACCOUNTS**

6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers, unless other arrangements are made and approved by the Council.

6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services, to which the invoice relates, shall have been received, carried out, examined and approved.

6.3 The Clerk shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.

6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that such payments are included in the schedule of payments submitted to the next appropriate meeting of Council.

6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **7 PAYMENT OF SALARIES**

- 7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating. Salaries shall be as agreed by Council, and reviewed on an annual basis in accordance with recommendations received from the Society of Local Council Clerks and One Voice Wales.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available Council Meeting.

## **8 LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council's investment policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually). The Clerk shall prepare an Annual Investment Strategy that shall be submitted to Council for consideration.
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.

## **9 INCOME**

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the Clerk and the Clerk shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency, as the Clerk considers necessary.

- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The Clerk shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9 Where any significant sums of cash are regularly received by the Council, the Clerk shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

## **10 ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1 An official order or letter of instruction shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies shall be retained.
- 10.2 Order books and letters of instruction shall be controlled by the Clerk.
- 10.3 All Members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order/instruction is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de-minimus provisions in Regulation 11.1 below, or directions issued by Council following a report from the Clerk.
- 10.4 The Clerk shall verify the lawful nature of any proposed purchase before the issue of any order/instruction.

## **11 CONTRACTS**

- 11.1 Procedures as to contracts are laid down as follows:
- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made, other than in an emergency, provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
  - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;

- (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - (v) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice Chairman of Council);
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £10,000 in value for the supply of goods or materials or for the execution of works or specialist services, other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a), the Clerk shall invite tenders from at least four firms.
- (c) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (d) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least two Members of Council.
- (e) If less than four tenders are received for contracts above £10,000 or if all the tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (f) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 38, 39 and 40.
- (g) When it is to enter into a contract exceeding £3,000 but less than £10,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £1,000 the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (h) As a matter of course, all tenders, quotations, and estimates, along with any terms negotiated under Regulation 10 (3), shall be reported by the Clerk to the first possible meeting of Council after their receipt, or to the Council's Finance and Development Committee, if their consideration and/or a decision has been delegated to that Committee by the Council. In exceptional cases, decisions on estimates and terms negotiated under Regulation 10 (3) may be delegated to the Chairperson and Vice Chairperson by Council.

- (i) The Council shall not be obliged to accept the lowest or any tender, quotation or estimate.
- (j) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

## **12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 Where contracts provide for payment by instalments the Clerk shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision. In exceptional cases, such variations, additions and omissions may be approved by the Clerk in consultation with the Chairperson and Vice-Chairperson and reported to the next available meeting of Council.

## **13 PROPERTIES AND ESTATES**

- 13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.
- 13.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.

## **14 INSURANCE**

- 14.1 Following an annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The Clerk shall give prompt attention to all new risks, properties or vehicles which require to be insured and to any alterations affecting existing insurances.
- 14.3 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

14.4 The Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.

14.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **15 CHARITIES**

15.1 Where the Council is sole trustee of a Charitable body the Clerk and 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 Clerk shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

## **16 RISK MANAGEMENT**

16.1 The Clerk shall prepare and promote risk management policy statements in respect of all activities of the Council.

16.2 When considering any new activity the Clerk shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

## **17 REVISION AND CIRCULATION OF FINANCIAL REGULATIONS**

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.

17.2 A copy of these Financial Regulations shall be given to each Member by the Clerk upon delivery to him/her of the Member's declaration of acceptance of office.