# CILYBEBYLL COMMUNITY COUNCIL

# FINANCIAL REGULATIONS

(Adopted at the Annual Meeting of Council, May 2023)

*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 June 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 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 AUTHORISATION OF PAYMENTS

5.1 The Council's banking arrangements, including the bank mandate, shall be made by the Clerk and approved by the Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.

5.2 A schedule of the payments requiring authorisation, forming part of the Agenda for the Meeting, shall be prepared by the Clerk and be presented to Council. The Council shall review the schedule for compliance, and if it 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. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

5.3 All invoices for payment shall be examined, verified and certified by the Clerk, to confirm that the work, goods or services, to which each invoice relates, shall have been received, carried out, examined and represents expenditure previously approved by Council.

5.4 The Clerk shall examine invoices in relation to arithmetical 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.

5.5 The Clerk shall have delegated authority to authorise the payment of items only in the following circumstances:

a) 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 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.

b) Fund transfers within the Council's banking arrangements in order to cover the said payment, provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

5.6 Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

## 6 INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1 The Council will make safe and efficient arrangements for the making of its payments.

6.2 All payments shall be effected by cheque, BACS or other instructions to the Council's bankers, in accordance with a resolution of Council.

6.3 Cheques or orders for payment drawn on the Council's bank account in accordance with the schedule as presented to Council shall be signed by two Members of Council and countersigned by the Clerk, or by three Members of Council as appropriate. If a Member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question. In most cases, the Councillor should not act as a signatory to such transactions.

6.4 Cheques or orders for payment shall not normally be presented for signature other than at a Council meeting except under exceptional circumstances. Any signatures obtained away from such meetings shall be reported to the Council at the next convenient meeting.

6.5 If thought appropriate by the Council, payment for utility supplies (energy, telephone, broadband and water) and any National Non-Domestic Rates may be made by variable Direct Debit.

6.6 If thought appropriate by the Council, payment for certain items (principally Salaries) may be made by Banker's Standing Order provided that the instructions are approved at the Annual Meeting of the Council.

6.7 Payment may be made by BACS or CHAPS methods provided that the instructions for each payment are authorised by two authorised bank signatories and the Clerk (RFO). A record of these instructions to be retained and any payments reported to Council as made.

6.8 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chair of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other Councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all Members immediately and formally to the next available meeting of the Council. This will not be required for a Member's personal computer used only for remote authorisation of bank payments.

6.9 No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council.

6.10 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site where practicable.

6.11 The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security is used.

6.12 Where internet banking arrangements are made with any bank, the Clerk [RFO] shall be appointed as the Service Administrator. The Bank Mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

6.13 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through an e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter and appropriate action will be taken including the use of the Council's disciplinary procedure in the case of employees.

6.14 Any Debit Card issued on the authorisation of Council will be specifically restricted to be used by the Clerk and will also be restricted to a single transaction maximum value of £500 unless authorised by Council before any order is placed. It shall not be used for cash withdrawals unless there is an explicit authorisiation by Council.

6.15 Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the Clerk and/or officers authorised by Council, and shall be verified by the Clerk before reporting to Council, and be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall only be used in exceptional circumstances, authroised by the Chairperson or the Clerk as appropriate.

6.16 The Council will not maintain any form of cash float. All cash received must be banked.

6.17 Any payments made in cash or debit card by the Clerk (for example for postage or minor stationery items) shall be refunded monthly.

## 7 PAYMENT OF SALARIES / EMPLOYEE MATTERS

7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. 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 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, or similar statutory or discretionary deductions must be made in accordance with the payroll records and

on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

7.3 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

a) by any councillor who can demonstrate a need to know;
b) by the internal auditor;
c) by the external auditor.

7.4 The total of such payments in each calendar month shall be reported with all other payments as made to the Council or designated Committee to ensure that only payments due for the period have actually been paid.

7.5 Any termination payments shall be supported by a clear business case reported to the Council. Termination payments shall only be authorised by Council.

7.6 Before employing interim staff the Council must consider a full business case.

## 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 annually.

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 Council will accept payments for Community Centre Hire via BACS, CHAPS or cheque. Only in exceptional circumstances will cash be accepted, and Clerk will bank at earliest opportunity.

9.7 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 annually or biannually, coinciding with the financial year end.

## 10 ORDERS FOR WORK, GOODS AND SERVICES

10.1 An official order or letter/email 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.

10.2 Orders and letters/emails 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 £300 (in excess of this sum the Clerk shall act after consultation with the Chair and Vice Chair 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 four firms wherever possible.

(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 made available to each Member by the Clerk upon delivery to him/her of the Member's declaration of acceptance of office.