

OLD RADNOR COMMUNITY COUNCIL

FINANCIAL REGULATIONS

1 General

- 1.1 These financial regulations govern the conduct of the financial management of the council and may only be amended or varied by resolution of the council. These regulations will be reviewed regularly.
- 1.2 The responsible financial officer (RFO), acting under the policy direction of the council, shall be responsible for the proper administration of the council's financial affairs. Currently the Clerk is also the RFO for the Council.
- 1.3 The RFO shall be responsible for the production of financial management information as required.
- 1.4 At least once a year the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 In these regulations the term 'proper practice' shall refer to guidance issued in the publication 'Governance and Accountability for Local Councils In Wales - A Practitioners Guide' which is updated from time to time.
- 1.6 In these regulations references to the Accounts and Audit (Wales) Regulations shall mean the Regulations issued under the provisions of Section 39 of the Public Audit (Wales) Act 2004 and those currently in force.

2 Annual Estimates

- 2.1 Members of the Council will be asked to identify spending proposals for the forthcoming year for consideration by the Council not later than the December meeting the previous year.
- 2.2 Detailed estimates of income and expenditure, on the basis of the proposals submitted in 2.1 above, and receipts and payment on capital account, shall be prepared each year by the RFO for consideration by the Council.
- 2.3 The council will review the estimates, agree the budget and set the precept not later than at the January meeting. The RFO shall issue the precept demand to the billing Authority (Powys County Council). The RFO will supply each member with a copy of the approved estimates.
- 2.4 The annual budget shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

3. Budgetary Control

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget unless a virement has been approved by the council.
- 3.3 The RFO shall periodically provide the council with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 3.4 The clerk may incur expenditure on behalf of the council which is necessary to carry out 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, subject to a limit of £100. The clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within that approved budget, it shall be subject to the provisions of a supplementary estimate approved by the council.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 3.7 All capital works shall be administered in accordance with the council's financial regulations relating to contracts.
- 3.8 Unspent provisions on specific projects in the budget may be carried over into a future year if agreed by Council and allocated an 'earmarked reserve'.

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 current Accounts and Audit (Wales) Regulations.
- 4.2 The RFO shall be responsible for completing the annual accounts of the council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the council.
- 4.3 The RFO shall complete the appropriate sections of the Annual Return (as supplied by the External Auditor) and submit these to the Council within the time scales set by the Accounts and Audit (Wales) Regulations.

- 4.4 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. 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. The effectiveness of internal audit arrangements shall be reviewed regularly.
- 4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council. The Internal Auditor shall also complete the relevant section of the Annual Return.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations.
- 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 (including the bank mandate) shall be made by the RFO and approved by the council.
- 5.2 A schedule of the payments shall be prepared by the RFO and together with the relevant invoices etc presented to the council. If the schedule is in order it shall be authorised by a resolution of the council and details included within the Minutes of the meeting.
- 5.3 Cheques drawn on the council's bank account in accordance with the schedule referred to in the previous paragraph shall be signed by two members of the council. **NB It has been noted that the two signature rule (LGA 1972 s.150 (5) has been repealed and is no longer compulsory but the Council has decided to make no change has been made to Council regulations.**
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6. Payment of Accounts

- 6.1 Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the council's bankers or by direct debit.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. Before certifying an invoice the Clerk shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 Duly certified invoices shall be examined them in respect of arithmetical accuracy and authorisation, and shall be included under the appropriate expenditure column of the accounts. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, at the next available meeting.
- 6.4 All duly certified invoices will then be entered on the schedule referred to in 5. 2 above.
- 6.5 The RFO may provide petty cash for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO for reimbursement:
 - (a) The RFO may if required maintain a petty cash float to a limit of £50 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - (b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
 - (c) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the council (under 5.2 above).

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries and wages shall be made by the RFO from the main current account in accordance with salary records, contracts of employment and current PAYE and NI regulations.

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the council, and shall be for a set period of time in accordance with council policy. Changes to loans and investments should be reported to the council at the earliest opportunity.
- 8.2 In accordance with statutory guidance from the Welsh Government the Council will consider its investment policy annually. At present the Council has insufficient reserves to hold investments.

- 8.3 All investments of money under the control of the council shall be in the name of the council.
- 8.4 All borrowing shall be agreed by the Council and shall be effected in the name of the council. The appropriate borrowing approval from the Welsh Assembly Government shall be obtained.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9 Income

- 9.1 The collection of all sums due to the council shall be the responsibility of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately 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 bad debts shall be reported to the council.
- 9.5 All sums received on behalf of the council shall be banked as soon as practicable by the RFO. All receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 The RFO shall promptly complete any VAT return that is required. Any repayment due in accordance with VAT Act 1994 section 33 shall be made at least annually and in line with the financial year end.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the council.

10 Orders for Work, Goods and Services

- 10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate eg petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 Order books if held shall be controlled by the RFO.
- 10.3 All officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.

11. Contracts

11.1 Procedures as to the contracts are laid down in the council's standing orders as follows:

- (a) Every contract whether made by the council or by a committee to which the power of making contracts has been delegated shall comply with these financial regulations, and no exception from any of the following provisions of these standing orders shall be made otherwise than by direction of the council or in an emergency by such a committee as aforesaid provided that these standing orders shall not apply to contracts, which relate to items (i) to (v) below:
 - (i) for the supply of gas, electricity, water, sewerage and telephone services
 - (ii) for specialist services such as are provided by legal professionals acting in disputes.
 - (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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price
 - (vi) for additional audit work of the external auditor up to a value of £250 (in excess of this amount the RFO shall act after consultation with the Chairman of the Council.

- (b) Where it is intended to enter into a contract:
 - (i) exceeding £3,000 annually 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 three firms or tradespersons where possible. If this is not possible then a full explanation shall be provided.
 - (ii) for expenditures of £3,000 annually or less in value the chairman of the spending committee or his appointed vice chairman together with the clerk or the duly authorised deputy shall have executive power,

- (c) When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the council.

- (d) Every exception made by a committee to which the power of making contracts has been delegated shall be reported to the council and the report shall specify the emergency by which the exception shall have been justified.

- (e) 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 and the last date by which such tenders should reach the clerk in the ordinary course of post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the clerk or a properly authorised deputy in the presence of at least one member of the council.
- (g) If less than three tenders are received for contracts valued above £3,000 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.
- (h) The council shall not be obliged to accept the lowest or any tender.

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 RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any % withholding as may have been agreed).
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 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 clerk in writing, the appropriate committee being informed where the final cost is likely to exceed the financial provision.

13. Stores and Equipment

- 13.1 The officer in charge shall be responsible for the care and custody of stores and equipment.
- 13.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for an annual check of all stocks and stores if held..

14. **Assets, Properties and Estates**

- 14.1 The clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the council. The RFO 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 the current Accounts and Audit (Wales) Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the council, save where the estimated value of any one item does not exceed £500.
- 14.3 The RFO shall ensure that an appropriate and accurate register of assets and investments is kept up to date. This register shall be reviewed and confirmed at Council annually.

15 **Insurance**

- 15.1 The RFO shall effect all insurances and negotiate all claims on the council's insurers in consultation with the clerk.
- 15.2 The clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances affected by the council and the property and risks covered thereby and annually review it.
- 15.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 15.5 All appropriate employees of the council shall be included in a suitable fidelity guarantee insurance.

16. **Revision of Financial Regulations**

- 16.1 It shall be the duty of the council to review the financial regulations of the council annually.

Reviewed	Date
Approved New Regulations	15/9/15
Las Review May 2019	19/05/20
Next Review Due	May 2021

Regulations 2020