

## FINANCIAL REGULATIONS

### **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 Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The RFO/Clerk shall be responsible for the production of financial management information.

### **2. ANNUAL BUDGET**

- 2.1 Each committee will formulate and submit its proposals to the Council's Finance Committee for the following financial year not later than the end of December in each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO/Clerk.
- 2.3 The Council shall review the estimates no later than the Council's January meeting and shall fix the Precept to be levied for the ensuing financial year. The RFO/Clerk shall supply each Councillor with a copy of the approved budget.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year

### **3. BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which will exceed the amounts provided in the approved budget unless the same be approved by the Council.
- 3.3 The RFO/Clerk shall regularly provide the Council with a statement of receipts and payments to date under each heading of the budget, comparing actual expenditure with that planned.
- 3.4 The RFO/Clerk may incur 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, subject to a limit of £250, save that in the case of emergency, that sum may be exceeded if approved by the Chairman of the Finance Committee. The Clerk shall report the action to the Council as soon as practicable thereafter.

- 3.5 Unspent provisions in the Budget shall not be carried forward to a subsequent year.
- 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/Clerk as required by the Accounts and Audit Regulations 1966 as amended.
- 4.2 The RFO/Clerk 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 Council.
- 4.3 The RFO/Clerk 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 Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1966 as amended, or set by the Auditor.
- 4.4 The RFO/Clerk 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 1966 as amended. Any officer or member of the Council shall, if the RFO/Clerk or Internal Auditor requires, make available such documents of the Council which appear to the RFO/Clerk to be necessary for the purpose of internal audit and shall supply the RFO/Clerk or Internal Auditor with such information and explanation as the RFO/Clerk or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required 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 the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 The RFO/Clerk shall make arrangements for the opportunity for the inspection of the accounts, books and vouchers required by the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1966 as amended.
- 4.7 The RFO/Clerk 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 character.

#### **5. BANKING ARRANGEMENTS AND PAYMENTS**

- 5.1 The Council's banking arrangements shall be made by the RFO/Clerk and approved by the Council. They shall be regularly reviewed for efficiency by the Council or its Finance Committee.

- 5.2 A schedule of payments required, forming part of the Agenda for the monthly meeting, shall be prepared by the RFO/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 and initialled by the Chairman of the meeting. No payment shall be made by the RFO/Clerk unless authorised by the Council, save as provided in 6.5 herein.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with 6.4 shall be signed by the Chairman or Vice-Chairman of the Council together with the RFO/Clerk. Electronic bank transfers require the authorisation of two signatories taken from RFO/Clerk, Chairman and Vice-chairman.
- 5.4 To indicate agreement of the details on the cheque or order for payment with counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

## **6. PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque drawn on the Council's bank account, or electronic bank transfer or by cash under 6.5.
- 6.2 All invoices for payment shall be examined, verified and certified by the RFO/Clerk, and if appropriate, by the Chairman of the relevant Standing Committee. They shall satisfy themselves that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 The RFO/Clerk shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO/Clerk shall take all steps to settle all invoiced submitted, and which are in order, at the next available Council meeting.
- 6.4 If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1988, and the due date for payment is before the next scheduled meeting of Council, where the RFO/Clerk certify that there is no dispute or other reason to delay payment, the RFO/Clerk may (notwithstanding paragraph 6.3) take all steps necessary with the agreement of the Chairman of the Finance Committee to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
- 6.5 Where a payment can be made by Direct Debit to avoid additional charges e.g. for the payment of utility charges, then the same shall be effected by the RFO/Clerk upon the recommendation of the Finance Committee and with Council sanction.
- 6.6 The RFO/Clerk may provide petty cash to Councillors or otherwise as authorised by the Council for the purpose of defraying operational or other expenses, and is authorised to make such payments as he/she considers appropriate up to a total of £50 without recourse to the Council. Vouchers for payments made shall be forwarded to the RFO/Clerk with the claim for reimbursement.
- 6.7 The RFO/Clerk shall maintain a petty-cash float of up to £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate payments.
- 6.8 Income in excess of £100 received must not be paid into the petty-cash float but must be separately banked as provided elsewhere in these regulations.

- 6.9 Payments to maintain the petty-cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

## **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 and salaries shall be as agreed by Council. The calculation of statutory deductions where appropriate shall be made by the Council's accountants or internal auditor.
- 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 payroll records and on the appropriate date, provided that each payment is reported to and ratified by the next available Council meeting, or approved otherwise as authorised by the Council.

## **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) by the Finance Committee who shall report their findings to the Council.
- 8.3 All investment of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowing shall be effected in the name of the Council, after obtaining 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 RFO/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 RFO/Clerk.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be approved by the Council, notified to the RFO/Clerk and the RFO/Clerk shall be responsible for the collection of all accounts due to the Council.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 All sums (except 6.8) received on behalf of the Council shall be banked intact as directed by the RFO/Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO/Clerk considers necessary.

- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 The RFO/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.
- 9.8 Where any significant sums of cash are regularly received by the Council, the RFO/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 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 of orders shall be retained.
- 10.2 Order books shall be controlled by the RFO/Clerk.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall 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 provisions in Regulation 11.1 below.
- 10.4 The RFO/Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO/Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

## **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 otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vii) 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 RFO/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.
  - (vii) where the services are supplied by companies, firms or individuals who have provided the same to the satisfaction of the Council for a period in excess of one year, with the proviso that the RFO/Clerk in consultation with the Chairman and Vice Chairman of the Council shall review the position periodically at their discretion, or upon the request of Council.
- (b) Where it is intended to enter into a contract exceeding £1,000 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 three firms. (Where the value of the contract is below £1,000 the RFO/Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply).
  - (c) 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, and such a waiver shall require Council approval.
  - (d) Such invitation to tender shall state the general nature of the intended contract and the RFO/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.
  - (f) All sealed tenders shall be opened at the same time on the prescribed date by the RFO/Clerk in the presence of at least one member of Council.
  - (g) If less than three tenders are received for contracts above £1,000 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) When the Council is to enter into a contract with an estimated value exceeding £10,000 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 RFO/Clerk shall institute a formal tender process as summarised in *Standing Order 61(b)*.
  - (h) Any invitation to tender issued under this regulation shall contain a reference to *Standing Orders 46, 48 and 49* regarding improper activity.
  - (i) The Council shall not be obliged to accept the lowest of any tender, quote or estimate.

## **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/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 RFO/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 the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **13. STORES AND EQUIPMENT**

- 13.1 The RFO/Clerk shall be responsible for the care and custody of stores and equipment.
- 13.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The RFO/Clerk shall be responsible for periodic checks of stocks and stores at least annually.

## **14. ASSETS, PROPERTIES AND ESTATES**

- 14.1 The RFO/Clerk shall make appropriate arrangements for the custody of all title documents of properties leased by the Council. The RFO/Clerk shall ensure a record is maintained of all properties leased by the Council, recording the location, nature of the interest, rents payable and purpose for which held in accordance with Accounts and Audit (Wales) Regulations.
- 14.2 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.
- 14.3 The RFO/Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

## **15. INSURANCE**

- 15.1 Following the annual risk assessment (per Financial Regulation 16), the RFO/Clerk shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Finance committee and report to Council any difficulty with claim settlements.

- 15.2 The RFO/Clerk shall give prompt notification to the Council Insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO/Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 The RFO/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.
- 15.5 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.

## **16. RISK MANAGEMENT**

- 16.1 The council is responsible for putting in place arrangements for the management of risk. The RFO/Clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 16.2 When considering any new activity, the RFO/ Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **17. REVISION 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. The RFO/Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations.

These Financial Regulations were approved and adopted by the Council at its meeting held in August 2014.

### **Review date:**

- 27<sup>th</sup> February 2019. Amended clause 5.3, 6.1 (to account for on-line banking).  
Amended clause 6.8 (allows for up to £100 cash receipts)
- 22<sup>nd</sup> March 2023 Amended clause 11.1 (b), (g) & (h)