



## **LLANMAES COMMUNITY COUNCIL FINANCIAL REGULATIONS**

The Council is responsible for regulating and controlling its finances within the overall policies of the Council. In compliance with Section 151 of the Local Government Act 1972, the Council will designate the Clerk as the Responsible Financial Officer for the proper administration of the Council's financial affairs.

These financial regulations govern the conduct of financial management by the Community Council and are intended to control the manner in which the Council manages its finances and safeguards its assets. The Council is responsible in law for ensuring that its financial management is adequate and effective and that a sound system of financial control is in place which facilitates the effective exercise of the Council's functions, including the management of risk and for the prevention and detection of fraud and corruption. These regulations are designed to demonstrate how the council meets these responsibilities and set out a clearly defined framework.

In these regulations "Proper Practices" refer to the Governance and Accountability for Local Councils in Wales – A Practitioners' Guide (2011), which reflects the 2010 changes in the Accounts and Audit (Wales) Regulations.

The duties and responsibilities of the Responsible Financial Officer shall include:-

- i. specific responsibilities for the overall finances of the Council
- ii. the creation of a clear framework for the financial management of the Council's affairs in accordance with prescribed proper practices.
- iii. Regular budget reporting to the Council.
- iv. the maintenance of detailed accounting records in order to produce final accounts for audit.
- v. ensuring the Council takes no unlawful actions.
- vi. ensuring the Council performs and accounts for its financial activities in an honest and trustworthy manner.
- vii. identifying any irregularity or suspected irregularity.
- viii. providing adequate access to any information necessary to comply with the statutory duties and responsibilities and requirements and instructions of the Council.

Financial Regulations shall be reviewed regularly and at least annually for fitness of purpose.

Legal Reference	Public Audit (Wales) Act 2004 Accounts & Audit (Wales) Regulations 2005
Date of Approval	Reviewed, updated and approved by Council at its meeting on 15 May 2019
Review Date	Annual Meeting in May each year



## **1. Annual Budget Preparation**

- 1.1 The Responsible Financial Officer shall prepare the Council's annual budget which will include an agreed plan of income and expenditure for the forthcoming financial year for approval by the Council.
- 1.2 Following approval of the budget the Council must set the precept it will raise on the Unitary Authority.

## **2. Revenue Expenditure and Budgetary Control**

- 2.1 The Responsible Financial Officer shall regularly monitor expenditure under each budget heading. Every effort shall be made to contain expenditure within the approved budget.
- 2.2 All payments shall be authorised, approved and paid in accordance with the law, proper practices and financial regulations.
- 2.3 Any proposal to incur expenditure on a new scheme or proposal not included in the approved expenditure programme must be approved by the Council.
- 2.4 The Responsible Financial Officer will prepare and report to Council a budget monitoring statement as soon as practicable after the 30 June, 30 September, and 31 December, which will summarise:-
  - i. the Council's receipts and payments for each quarter.
  - ii. the Council's aggregate receipts and payments for the year to date.
  - iii. the balances held at the end of the quarter being reported.

The report will highlight any potential overspend and recommend appropriate corrective action.

## **3. Accounting and Audit**

- 3.1 The Responsible Financial Officer shall be responsible for ensuring that all accounting procedures and financial records of the Community Council comply with the Public Audit (Wales) Act 2005(as amended) and the Accounts and Audit (Wales) Regulations.
- 3.2 The Responsible Financial Officer shall be responsible for the preparation of the year-end accounting statements in accordance with proper practices.
- 3.3 The Responsible Financial Officer shall maintain a Cash Book, either in manual form or computer spreadsheet, to record all financial transactions in the year.
- 3.4 The Council shall appoint a competent person, independent of the operations of the Council, as an independent internal auditor, in accordance with proper practices.
- 3.5 The Responsible Financial Officer shall, when required by the internal auditor, make available such documents and information as considered necessary for the purpose of the internal audit.
- 3.6 The Responsible Financial Officer, in consultation with the internal auditor, will report any errors or weaknesses to the Council.

- 3.7 The annual return of the Council, including the annual governance statement, shall be presented to council for consideration and formal approval before 30 June.
- 3.8 The Council must approve and publish audited accounts by 30 September.
- 3.9 The Responsible Financial Officer shall be responsible for ensuring that arrangements are in place for the inspection of the accounts, books and appropriate documentation and the display of any public notice and financial information as required under the Accounts and Audit Regulations.

#### **4. Banking Arrangements**

- 4.1 The Council's banking arrangements must be approved by the Council.
- 4.2 The Responsible Financial Officer must produce relevant documentation to support cheque or internet banking payments.
- 4.3 Cheques must be authorised and signed by two **bank signatories**. The signatories ensure the cheque and invoice amount agree and the payee is correct. The RFO notes the cheque number and when appropriate, the Minute number on the invoice.
- 4.4 Payments using internet banking must be authorised by two **bank signatories** who will sign the invoice. When actioned by the RFO, a copy of the payment receipt will be attached to the invoice.
- 4.5 Cancelled cheques should be recorded appropriately.
- 4.6 All payments received for the Council shall be recorded and banked promptly in the Council's principal bank account.
- 4.7 The Responsible Financial Officer shall present to Council a monthly bank reconciliation statement and a quarterly budget statement.

#### **5. Payment of Accounts**

- 5.1 The Responsible Financial Officer shall examine all invoices in terms of amount, arithmetical accuracy, VAT details and ensure they are proper liabilities of the Council.
- 5.2 The Responsible Financial Officer shall be satisfied that works, goods or services to which the invoice relates have been carried out or received.
- 5.3 All payments in respect of expenditure incurred on behalf of the Council shall be by cheque or by internet banking for payments drawn on the Council's principle bank account.
- 5.4 The Responsible Financial Officer shall prepare a list of payments for a monthly report to Council.
- 5.5 The Responsible Financial Officer is authorised to hold a Petty Cash account with a float of £75.00. All payments should be properly supported by receipts and VAT should be appropriately accounted for.

## 6. Payment of Salaries and Allowances

- 6.1 The Responsible Financial Officer, on behalf of the Community Council as the employer, shall make all arrangements for the payment of salaries or allowances in accordance with Minuted approvals and such arrangements shall accord with legislative requirements under PAYE rules.
- 6.2 Payments for overtime and travelling allowance must be certified by the Chairman of the Council or the Vice Chairman.
- 6.3 Payments to Members under the Council's approved remuneration scheme shall be certified by the Clerk to the Council.
- 6.4 At the end of the financial year, the Responsible Financial Officer shall publish a list of payments to Members and inform the Independent Remuneration Panel for Wales.

## 7. Procurement

- 7.1 The Council will obtain three written quotations for goods, works and services over **£1,000.00**
- 7.2 **A proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £20,000 shall be procured on the basis of a formal tender as summarised in standing order 7.3 below.**
- 7.3 Subject to additional requirements in the financial regulations of the council, the tender process for contracts for the supply of goods, materials, services or the execution of works shall include, as a minimum, the following steps:
  - i. a specification for the goods, materials, services or the execution of works shall be drawn up;
  - ii. an invitation to tender shall be drawn up to confirm (i) the council's specification (ii) the time, date and address for the submission of tenders (iii) the date of the council's written response to the tender and (iv) the prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process;
  - iii. the invitation to tender shall be advertised in a local newspaper and in any other manner that is appropriate;
  - iv. tenders are to be submitted in writing in a sealed marked envelope addressed to the Proper Officer;
  - v. tenders shall be opened by the Proper Officer in the presence of at least one councillor after the deadline for submission of tenders has passed;
  - vi. tenders are to be reported to and considered by the appropriate meeting of the council or a committee or sub-committee with delegated responsibility.
- 7.4 Neither the Council, or a committee or a sub-committee with delegated responsibility for considering tenders, is bound to accept the lowest value tender.
- 7.5 The Responsible Financial Officer shall issue a fully priced official order to suppliers in advance of delivery of goods.
- 7.6 Quotations for maintenance work are to be obtained annually in writing.

## **8. Delegated Authority**

The Council shall delegate to the Responsible Financial Officer the power to approve emergency payments up to the sum of £1,000.00 on a single occasion, in consultation with the Chairman and Vice Chairman. Following the use of emergency powers at any time the Responsible Financial Officer shall report to the next available Council meeting the details of the expenditure and the reason for it being classed as an urgent item.

## **9. Assets**

9.1 The Responsible Financial Officer shall make arrangements for the safe custody of all title deeds, documents, contracts and agreements and shall maintain a register of all assets owned by the Council.

9.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council together with any other consents that may be required under legislation.

## **10. Loans**

10.1 The Responsible Financial Officer shall obtain the approval of the Council before borrowing any money on behalf of the Council.

## **11. Insurance**

11.1 The Responsible Financial Officer shall be responsible for effecting all insurance cover and negotiating all claims on the Council's insurers.

11.2 The Responsible Financial Officer shall be responsible for keeping a record of and reviewing all insurance cover on an annual basis. All new risks which require cover and alterations to existing cover shall be effected promptly.

## **12. Inventories**

12.1 The Responsible Financial Officer shall ensure that inventories are maintained so as to record an adequate description of equipment, plant and machinery.

## **13. Security**

13.1 The Responsible Financial Officer shall ensure the security of cheque books, petty cash and Council documents.

13.2 The Responsible Financial Officer is responsible for the Council's compliance with data protection legislation.

## **14. Risk Management**

14.1 The Council must identify and evaluate any key risks in their activities and must decide on appropriate measures to take to avoid, reduce or control the risks or their consequences.