

## LLANHARAN COMMUNITY COUNCIL

### ANNUAL ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

#### INTERNAL AUDIT REPORT

##### Responsibilities

The Internal Auditor has a responsibility to report to Members whether, in his view, the financial statements summarised in the statutory Annual Return are in accordance with the Council's financial records, whether they are supported by appropriate systems of internal financial control in the areas specified in the Internal Audit report included in the Annual Return and whether they comply with the relevant legislation.

I also have a duty to disclose in my report any matters coming to my attention which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Consideration will be given to the following areas:

- 1) whether proper accounting records have been kept by the Council;
- 2) whether the Council's balance sheet, income and expenditure account, payments account and supporting documents are in agreement with the accounting records and returns;
- 3) whether I have obtained all the information which I consider necessary for the purposes of the audit.

##### Scope of Audit

My work as an independent examiner has been a less onerous form of scrutiny than a full audit of the accounts. My examination included a review of the accounting records kept by the Council and a comparison of the accounts presented with those records. However, all prime documents were examined. Key control testing was undertaken in the following areas:

- general bookkeeping and accounting throughout the period
- standing orders and payment control
- risk management
- budget processes and control
- income control
- payroll control
- bank reconciliation
- year end procedures and formal accounts preparation

##### Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect the requirements to keep accounting records and to prepare accounts which accord with such records; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

### **Findings & Recommendations:**

I note that the figure of £473,647 in respect of fixed and long term assets is unchanged from the previous year's accounts and Annual Return. I would expect for the figure to vary in respect of any new asset(s) together with depreciation in respect of existing assets.

An exercise should be undertaken to review this area and any errors may be addressed by a prior year adjustment in the 2022/23 accounts. Guidance in this area should be available from the Council's software supplier.

With the exception of the above I have no other recommendations in respect of general bookkeeping and accounting, budgetary control, payroll, bank reconciliation or year end procedures and accounts. These areas of control, as in past years, are all of a good and robust standard.

Signed: 

Date: 19<sup>th</sup> July 2022

Nicholas John Goss

21 Chapel Road  
Llanharan  
Pontyclun  
CF72 9QA



# Community and Town Councils in Wales

## Annual Return for the Year Ended 31 March 2022

### Accounting statements 2021-22 for:

Name of body: LANHARAN COMMUNITY COUNCIL

	Year ending		Notes and guidance for compilers				
	31 March 2021 (£)	31 March 2022 (£)					
<b>Statement of income and expenditure/receipts and payments</b>							
1. Balances brought forward	173,095	264,536	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.				
2. (+) Income from local taxation/levy	199,247	198,736	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.				
3. (+) Total other receipts	153,820	308,514	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.				
4. (-) Staff costs	75,154	72,499	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.				
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).				
6. (-) Total other payments	186,651	370,366	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).				
7. (=) Balances carried forward	264,536	328,921	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).				
<b>Statement of balances</b>							
8. (+) Debtors	3,086	3,996	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body at the year-end.				
9. (+) Total cash and investments	264,494	328,129	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.				
10. (-) Creditors	3,044	3,205	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.				
11. (=) Balances carried forward	264,536	328,921	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).				
12. Total fixed assets and long-term assets	473,647	473,647	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.				
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).				
14. Trust funds disclosure note	Yes	No	N/A	Yes	No	N/A	The body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).



## Annual Governance Statement

We acknowledge as the members of the Council/Board/Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2022, that:

	Agreed?		‘YES’ means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have put in place arrangements for: <ul style="list-style-type: none"> <li>effective financial management during the year; and</li> <li>the preparation and approval of the accounting statements.</li> </ul>	✓		Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	✓		Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Council/Board/ Committee to conduct its business or on its finances.	✓		Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	✓		Has given all persons interested the opportunity to inspect the body’s accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Council/Board/Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	✓		Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council/Board/Committee and, where appropriate, have included them on the accounting statements.	✓		Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	✓		Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23
9. Trust funds – in our capacity as trustee, we have: <ul style="list-style-type: none"> <li>discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>	✓		Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

\* Please provide explanations to the external auditor on a separate sheet for each ‘no’ response given; and describe what action is being taken to address the weaknesses identified.



	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	✓				
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	✓				
11. Trust funds (including charitable trusts). The Council/Board/Committee has met its responsibilities as a trustee.			✓		NO TRUST FUNDS

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12.			✓		
13.			✓		
14.			✓		


\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated 19 JULY 2022.] \* Delete if no report prepared.

### Internal audit confirmation

I/we confirm that as the Council's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2020-21 and 2021-22. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	NICHOLAS JOHN GOSS
Signature of person who carried out the internal audit:	
Date:	19 JULY 2022

1. The first part of the report deals with the general situation of the country and the position of the various groups of the population.

2. The second part of the report deals with the economic situation of the country and the position of the various groups of the population.

3. The third part of the report deals with the social situation of the country and the position of the various groups of the population.

4. The fourth part of the report deals with the cultural situation of the country and the position of the various groups of the population.

5. The fifth part of the report deals with the political situation of the country and the position of the various groups of the population.

6. The sixth part of the report deals with the international situation of the country and the position of the various groups of the population.

7. The seventh part of the report deals with the future of the country and the position of the various groups of the population.

8. The eighth part of the report deals with the conclusion of the report and the position of the various groups of the population.

9. The ninth part of the report deals with the appendix of the report and the position of the various groups of the population.

10. The tenth part of the report deals with the bibliography of the report and the position of the various groups of the population.

11. The eleventh part of the report deals with the index of the report and the position of the various groups of the population.

12. The twelfth part of the report deals with the list of figures and the position of the various groups of the population.

13. The thirteenth part of the report deals with the list of tables and the position of the various groups of the population.

14. The fourteenth part of the report deals with the list of maps and the position of the various groups of the population.

15. The fifteenth part of the report deals with the list of abbreviations and the position of the various groups of the population.

16. The sixteenth part of the report deals with the list of symbols and the position of the various groups of the population.

17. The seventeenth part of the report deals with the list of units and the position of the various groups of the population.

18. The eighteenth part of the report deals with the list of acronyms and the position of the various groups of the population.

19. The nineteenth part of the report deals with the list of initialisms and the position of the various groups of the population.

20. The twentieth part of the report deals with the list of abbreviations and the position of the various groups of the population.



## Additional disclosure notes\*

The following information is provided to assist the reader to understand the accounting statement and/or the Annual Governance Statement

### 1. Expenditure under S137 Local Government Act 1972 and S2 Local Government Act 2000

Section 137(1) of the 1972 Act permits the Council to spend on activities for which it has no other specific powers if the Council considers that the expenditure is in the interests of, and will bring direct benefit to, the area or any part of it, or all or some of its inhabitants, providing that the benefit is commensurate with the expenditure. Section 137(3) also permits the Council to incur expenditure for certain charitable and other purposes. The maximum expenditure that can be incurred under both section 137(1) and (3) for the financial year 2021-22 was £8.41 per elector.

In 2021-22, the Council made payments totalling £ 21,359 under section 137. These payments are included within 'Other payments' in the Accounting Statement.



2.

3.

\* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statement and/or the annual governance statement.

## Council/Committee approval and certification

The Council/Committee is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

Certification by the RFO	Approval by the Council/Board/Committee
I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2022.	I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:
RFO signature: 	Minute ref: <u>2022/148</u>
Name: <u>Leigh Smith</u>	Chair signature: 
Date: <u>1/7/22</u>	Name: <u>Chris Parker</u>
	Date: <u>22nd July 2022</u>



## Annual internal audit report to:

Name of body:

LLANHARAN COMMUNITY COUNCIL

The Council/Board/Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2022.

The internal audit has been carried out in accordance with the Council/Board/Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council/Board/Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	✓				
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓				
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓				
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓				
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓				
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			✓		NO PETTY CASH
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	✓				
8. Asset and investment registers were complete, accurate, and properly maintained.	✓				



## **Audit supporting papers**

The following information is provided to assist councils to prepare information required for the audit of accounts.

### **Bank reconciliation**

A bank reconciliation is a control schedule prepared by the Council that agrees the balance per the bank statement at the year end to the bank balance per the Council's own records e.g. the cashbook. The Council should prepare a bank reconciliation every time it receives a bank statement to ensure that any errors are identified at an early stage.

The bank reconciliation(s) should cover all the Council's bank accounts. If the Council has more than one bank account it is helpful if you can provide a summary of the bank reconciliations that agrees to Box 8 on the Annual Return in addition to the detailed reconciliations prepared for each account.

If there are no outstanding items at the year-end you must still supply a bank reconciliation. A zero or "Nil" should be included in the relevant lines on the schedule or a clear statement should be made to that effect.

An example bank reconciliation is provided on page 3.

### **Explanations of significant variances on the Accounting Statements**

We require explanations for significant variances (increases or decreases) of more than 15% between the current audit year and the last audit year in lines 3, 4, 5, 6, 8, 9, 10, 12 and 13. Variances of less than 15% need not be explained.

Your explanations must be quantified, i.e. state how much of the variance is covered by each specific explanation. Your explanations must ensure that the variances for each line are explained and quantified to within 15%.

You can set out your explanations of variances in any way you wish, but they should be clear and complete and easy to follow.

Our suggested method of how to identify variances that require explanation, and suggested layout for providing explanations are set out on page 4.

Positive and negative variances must be explained.



## **Council's arrangements for making payments**

Some of the most important internal controls for community and town councils are the controls the councils have in place to manage payments made. In recent years our audit work has highlighted serious deficiencies at individual councils. These deficiencies have directly contributed to significant losses being incurred at some councils.

Under our new audit arrangements we will consider whether or not councils are following their established internal controls. As a first step therefore, we need to understand the different ways in which councils make payments and the checks and balances put in place to ensure the security of the councils' funds.

Page 6 sets out the information that we require.



## Working out what variances need to be explained

Line in section 1	Last Year £	This Year £	Variance Increase (+) or decrease (-) (This Year minus Last Year) £	% (Variance divided by Last Year figure multiplied by 100)	Explanation required? Less than 15% - NO More than 15% - YES
Line 3 Total other receipts	153,820	308,511	+154,691	100	Yes
Line 4 Staff costs	75,154	72,499	- 2646	3	No
Line 5 Loan interest/ capital repayments	0	0	NA	NA	NA
Line 6 Total other payments	186,651	370,366	183,715	98	Yes
Line 8 Debtors and stock balances	3086	3996	910	29	Yes
Line 9 Total cash and investments	24494	32810	63,635	24	Yes
Line 10 Creditors	3044	3205	161	5	No
Line 12 Total fixed assets and long term assets	47341	473641	NIL	0	No
Line 13 Total borrowing	0	0	0	NA	NA



**Bank reconciliation**

COUNCIL NAME: Llanharan Community Council  
COUNTY: RCT

		£
<b>A</b>	Balance on the bank statement at 31 March (taken from bank statement)	264,536
<b>B</b>	<b>Outstanding items</b> <b>Less</b> unpresented cheques (List each outstanding cheque)	NA
<b>C</b>	<b>Plus</b> uncleared payments into bank (to agree with attached list)	NA
<b>D</b>	<b>Petty cash</b> <b>Plus</b> any petty cash balance held at 31 March	NIL
<b>E</b>	Balance in the cash book (Authority's own records) at 31 March (Calculated as $A-B+C+D=E$ and agrees with Box 9 on the Annual Return )	264,536

**Annual return variance explanations Year ending 31<sup>st</sup> March 22**

**Line 3 (Total other receipts)**

Largely accounted for by the increase of CIL receipts in 2021/22 compared to 2020/21.

2020/21 = £140,730.28	2021/22 = £288,817.08	Variance = £143,086.80
-----------------------	-----------------------	------------------------

Total remaining variance = £11,608 or 7.5%

**Line 6 (Total other payments)**

Largely accounted for by the increase in CIL expenditure.

2020/21 = £47,588.99	2021/22 = £215,505.09	Variance = £167,916.10
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Total remaining variance = £15,798.90 or 8%

**Line 8 (Debtors and stock balances)**

Accounted for by the difference in amount of VAT expected to be reclaimed for the final quarter of each preceding year.

**Line 9 (Total cash and investments)**

This is accounted for by the increase in unspent CIL funds held in the investment account.





See separate sheet

### Suggested layout for explanations

One sheet to be prepared for **each variance** that requires explanation.

Line .....	£
Figure in This Year column	
Figure in Last Year column	
Variance (This Year figure less Last Year figure) A positive figure is an increase, a negative figure is a decrease	

Reasons (as many as are applicable)	Amount £
Reason 1	
Reason 2	
Reason 3	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of Last Year figure	



\* The council also operates another Barclays account, 'mynydd windfarm'. This is because the council administers the account on behalf of the local borough County Councillor. This account does not appear in the Council's accounts as we provide **Arrangements for making payments** admin support only.

<b>Cash and bank accounts</b>	
Does the Council operate more than one bank account?	Yes.
If Yes, please provide a description of the accounts operated. Please do not include account numbers at this stage	Barclays bank - Mixed Payments plan * - Business current account. Investments - Public Sector Deposit Fund
Does the Council operate petty cash or make any payments by cash?	No.
If Yes, what records of cash receipts and payments are kept?	N/A.
<b>Payment methods</b>	
Does the Council make payments from its bank accounts by:	
<b>Cheque:</b> If Yes please describe the approval process for signing cheques (approval by council, numbers of signatories etc)	Yes. Signed by 2 authorised Signatories 1 of which must be a councillor. The clerk & members of audit committee are Signatories. 8 people in total.
<b>Debit card:</b> If Yes, please describe the approval process for debit card payments and how these are recorded	No.
<b>Direct debits and standing orders:</b> If Yes, please describe how the Council	

Page 1 of 1

Subject: [Illegible]

Date: [Illegible]

Location: [Illegible]

Time: [Illegible]

Weather: [Illegible]

Observations: [Illegible]

Conclusions: [Illegible]

Recommendations: [Illegible]

References: [Illegible]

Appendix: [Illegible]

Notes: [Illegible]

Signatures: [Illegible]

Initials: [Illegible]

Comments: [Illegible]

Remarks: [Illegible]

Summary: [Illegible]

Conclusion: [Illegible]

Recommendations: [Illegible]

References: [Illegible]

Appendix: [Illegible]

Notes: [Illegible]

Signatures: [Illegible]

Initials: [Illegible]

Comments: [Illegible]

Remarks: [Illegible]

Summary: [Illegible]

Conclusion: [Illegible]

Recommendations: [Illegible]

References: [Illegible]

Appendix: [Illegible]

Notes: [Illegible]

Signatures: [Illegible]

Initials: [Illegible]

Comments: [Illegible]

Subject: [Illegible]

Date: [Illegible]

Location: [Illegible]

Time: [Illegible]

Weather: [Illegible]

Observations: [Illegible]

Conclusions: [Illegible]

Recommendations: [Illegible]

References: [Illegible]

Appendix: [Illegible]

Notes: [Illegible]

Signatures: [Illegible]

Initials: [Illegible]

Comments: [Illegible]

Remarks: [Illegible]

Summary: [Illegible]

Conclusion: [Illegible]

Recommendations: [Illegible]

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Comments: [Illegible]

Remarks: [Illegible]

Summary: [Illegible]

Conclusion: [Illegible]

Recommendations: [Illegible]

References: [Illegible]

Appendix: [Illegible]

Notes: [Illegible]

Signatures: [Illegible]

Initials: [Illegible]

Comments: [Illegible]



approves the setting up of the direct debit/standing order.

Yes. By Resolution, ~~or~~ or in the case of utilities ~~and~~ under the authority of its financial regulations

**Bank transfers;** eg direct transfers using internet banking. If Yes please explain how individual payments are made and authorised

Members of Audit Committee & officers have access to bank account online. One Signatory makes payment online. A second Signatory must approve online.

### Reporting payments to the Council

Please describe how payments made are reported to the Council. For example:

Does the clerk present a schedule of payments to the Council for approval before or after payments are made?

Does the clerk report to the Council payments made using a debit card and payments made via standing order and direct debits?

Any Payment must be covered by a Resolution of Council or covered under financial regulations.

Eg. The Clerk may Spend up to £1000 on emergency items where the operation of the Council & its services are threatened.

All Payments reported to Council for retrospective approval.

Notice of appointment of the date for the exercise of electors' rights

**Llanharan Community Council**

Financial year ending 31 March 2022

1. Date of announcement 30<sup>th</sup> June 2022
2. Each year the annual accounts are audited by the Auditor General for Wales. Prior to this date, any interested person has the opportunity to inspect and make copies of the accounts and all books, deeds, contracts, bills, vouchers and receipts etc relating to them for 20 working days on reasonable notice. For the year ended 31 March 2021, these documents will be available on reasonable notice on application to:

The Clerk, Llanharan Community Council. 2A Chapel Road, Llanharan. CF72 9QA

Clerk@Llanharan-cc.gov.wales

between the hours of 9.30am and 1.30pm on Monday to Friday

commencing on 25th July 2022

and ending on 8<sup>th</sup> August 2022

The audited annual accounts were not approved by Council by 30<sup>th</sup> June 2022 due to delays in the process caused by staff shortages.

3. From 12 September 2022, until the audit has been completed, Local Government Electors and their representatives also have:  
the right to question the Auditor General about the accounts.  
the right to attend before the Auditor General and make objections to the accounts or any item in them. Written notice of an objection must first be given to the Auditor General. A copy of the written notice must also be given to the council.

The Auditor General can be contacted via: Community Council Audits, Audit Wales, 24 Cathedral Road Cardiff CF11 9LJ or by email at [communitycouncilaudits@audit.wales](mailto:communitycouncilaudits@audit.wales).

4. The audit is being conducted under the provisions of the Public Audit (Wales) Act 2004, the Accounts and Audit (Wales) Regulations 2014 and the Auditor General for Wales' Code of Audit Practice.





# **Llanharan Community Council**

## **FINANCIAL REGULATIONS Version 2.02**

These Financial Regulations were adopted by the council at its meeting on 17th December 2020.

Notes.

Acknowledgment to One Voice Wales as this policy is based upon their model Financial Regulations Wales 2019 document.

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**FINANCIAL REGULATIONS Version 2.02****Statement:**

The Clerk of the Council and the Project Officer/Assistant Clerk are for the purpose of this document the Proper Officers of the Council.

The Clerk of the Council is the Responsible Financial Officer.

In the context of these Standing Orders the terms:

1. "RFO" refers to the Responsible Financial Officer.
2. "A.G.M." refers to Annual General Meeting.
3. "the Chair" refers to Chairperson of the Council and or Chairperson of a Committee, Sub-committee, Working Group or any other body that the Council forms to carry out its functions effectively.
4. "the Deputy Chair" refers to Deputy (or Vice) Chairperson of the Council and or Deputy (or Vice) Chairperson of a Committee, Sub-committee, Working Group or any other body that the Council forms to carry out its functions effectively.
5. "RCTCBC" refers to Rhondda Cynon Taf County Borough Council.

## 1. GENERAL

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the Council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Council's standing orders and any individual financial regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
- a. for the timely production of accounts,
  - b. that provide for the safe and efficient safeguarding of public money,
  - c. to prevent and detect inaccuracy and fraud and
  - d. identifying the duties of officers.
- 1.4. a These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute and may represent a breach in the Councillor's Code of Conduct.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Proper Officer has been appointed as RFO for this Council and these regulations will apply accordingly.
- 1.9. The RFO:
- a. acts under the policy direction of the Council.



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- b. administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices,
  - c. determines on behalf of the Council its accounting records and accounting control systems,
  - d. ensures the accounting control systems are observed,
  - e. maintains the accounting records of the Council up to date in accordance with proper practices,
  - f. assists the Council to secure economy, efficiency and effectiveness in the use of its resources and
  - g. produces financial management information as required by the Council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments comply with the Accounts and Audit (Wales) Regulations and to prepare additional or management information, as the case may be, to be prepared for the Council from time to time.
- 1.11. The accounting records determined by the RFO shall in particular contain:
- a. entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate,
  - b. a record of the assets and liabilities of the Council and
  - c. wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
- a. procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible,
  - b. procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records,
  - c. identification of the duties of officers dealing with financial transactions and
  - d. division of responsibilities of those officers in relation to significant transactions,
  - e. procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the

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approval of the RFO and that the approvals are shown in the accounting records and

- f. measures to ensure that risk is responsibly and effectively managed.

1.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. Any decision regarding:

- a. setting the final budget or the precept (Council Tax Requirement),
- b. approving accounting statements,
- c. approving an annual governance statement,
- d. borrowing,
- e. writing off bad debts,
- f. addressing recommendations in any report from the internal or external auditors,
- g. shall be a matter for the full Council only.

1.14. In addition, the Council must:

- a. determine and keep under regular review the bank mandate for all Council bank accounts,
- b. approve any grant over £3,000
- c. a single commitment in excess of £3,000 and
- d. in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit (Wales) Regulations or “the regulations” shall mean the regulations issued under the provisions of section 39 of the Public Audit (Wales) Act 2004, or any superseding legislation and then in force unless otherwise specified.

1.16. In these financial regulations the term ‘proper practice’ or ‘proper practices’ shall refer to guidance issued in Governance and Accountability for Local Councils in Wales - A Practitioners’ Guide issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of One Voice Wales (OVW) and SLCC as appropriate.



## 2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit (Wales) Regulations, appropriate guidance and proper practices.
- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chair or a cheque signatory shall be appointed to verify bank reconciliations for all accounts produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.
- 2.3. The RFO shall complete the annual statement of accounts, annual report and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit (Wales) Regulations.
- 2.4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6. The internal auditor shall:
- a. be competent and independent of the financial operations of the Council,
  - b. report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year,
  - c. to demonstrate competence, objectivity, independence and be free from any actual or perceived conflicts of interest, including those arising from family relationships and
  - d. not be involved in the financial decision making, management or control of the Council.
- 2.7. Internal or external auditors may not under any circumstances:

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- a. perform any operational duties for the Council,
  - b. initiate or approve accounting transactions or
  - c. direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor
- 2.8. For the avoidance of doubt, in relation to internal audit the terms “independent” and “independence shall have the same meaning as is described in proper practices.
- 2.9. The RFO shall make arrangements for the exercise of electors’ rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Public Audit (Wales) Act 2004, or any superseding legislation, and the Accounts and Audit (Wales) Regulations.
- 2.10. The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

- 3.1. Each committee that has been delegated a budget shall review its three-year forecast of expenditure, receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Audit Committee not later than the end of November each year including any proposals for revising the forecast.
- 3.2. The RFO must each year, by no later than the end of December, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Audit Committee for the recommendations thereof to be considered by Council, by no later than the end of January.
- 3.3. The Council shall consider annual budget proposals in relation to the Council’s three year forecast of expenditure, receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.4. The Council shall fix the precept (Council tax requirement), and relevant basic amount of Council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.5. The approved annual budget shall form the basis of financial control for the ensuing year.



#### 4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. Expenditure on items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- a. the Council for any item costing £3,000 or more except where previously and specifically delegated to a committee
  - b. a duly delegated committee of the Council for any item costing over £1,000 but less than £3,000 except where specifically delegated to that committee, or
  - c. the Proper Officer, in conjunction with Chair of Council or Chair of the appropriate committee, for any item costing £1,000 or less.
- 4.2. Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Proper Officer, and where necessary also by the appropriate Chair.
- 4.3. Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 4.4. No expenditure may be authorised that will exceed the amount provided in the budget for that class of expenditure other than by resolution of the Council, or duly delegated committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.5. Unspent provisions in the budgets for completed projects shall not be carried forward to a subsequent year.
- 4.6. The salary budgets are to be reviewed at least annually in October for the following financial year and such review shall be evidenced by a schedule signed by the Proper Officer and the Chair of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.7. In cases of extreme risk to the delivery of Council services, the Proper Officer may authorise revenue expenditure on behalf of the Council which in the Proper Officer's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,500. The Proper Officer shall report such action to the Chair as soon as possible and to the Council as soon as practicable thereafter.
- 4.8. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied:

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- a. that the necessary funds are available and the requisite borrowing approval has been obtained.
- b. all capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4.9. The RFO shall regularly provide the Audit committee (or such committee has directed by resolution of the Council) for the purpose of scrutiny, a statement of receipts and payments to date under each head of the budget, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose, "material" shall be in excess of 10% of the budget. The Audit Committee (or such committee has directed by resolution of the Council) shall make its observations known to the next available Council meeting.

4.10. Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

**5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

5.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council.

5.2. Banking arrangements may not be delegated to a committee.

5.3. They shall be regularly reviewed for safety and efficiency.

5.4. This is intentionally blank

5.5. The RFO shall prepare a schedule of single payments of over £3,000 requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to Council.

5.6. The Council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Council. The approved schedule shall be ruled off and initialled by the Chair of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised.



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- 5.7. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council or authorised committee.
- 5.8. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.
- 5.9. The RFO shall have the delegated authority to take all steps to raise payment:
- a. of all invoices submitted which are in order and where a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998 or the due date for payment is before the next scheduled Meeting of Council and/or delegated committee and where the RFO certifies that there is no dispute or other reason to delay payment provided a list of such payments shall be submitted to the next appropriate meeting of Council and/or authorised committee.
  - b. of an expenditure item authorised under 5.10 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
  - c. fund transfers within the Councils banking arrangements up to the sum of £50,000 provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 5.10. For each financial year the RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like) for which Council or a duly authorised committee, may authorise payment for the year provided:
- a. that the requirements of Regulation 4.1 (Budgetary Controls) are adhered to
  - b. a list of such payments made is submitted to the next appropriate meeting of Council and be signed by two members on each and every occasion - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.11. In respect of grants a duly authorised committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any Revenue or Capital Grant in excess of £3,000 shall before payment, be subject to ratification by resolution of the Council.
- 5.12. 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

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authorise or instruct payment is made in respect of a matter in which they have a disclosable or other interest, unless a dispensation has been granted.

5.13. The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

5.14. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

5.15. 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.

**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. Following authorisation under Financial Regulation 5 above, the Council, a duly delegated committee or, if so delegated, the Proper Officer or RFO shall give instruction that a payment shall be made.

6.3. All payments shall, where possible and practical effected by electronic transfer (online banking, BACs, CHAPS)) or by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council or duly delegated committee.

6.4. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

6.5. If thought appropriate and in accordance with Regulation 5, payment by cheque:

- a. signed by two authorised signatories (at least one of which must be a member).
- b. to indicate agreement of the details shown on the cheque for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- c. all such payments shall be reported to the Council at the next convenient meeting.

6.6. If thought appropriate and in accordance with Regulation 5, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit:



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- a. that the instructions are signed by two authorised signatories (at least one of which must be a member)
- b. all such payments as made shall be reported to the Council at the next convenient meeting.
- c. The approval of the use of a variable direct debit shall be renewed by resolution of the Council at least every two years.

6.7. If thought appropriate and in accordance with Regulation 5, payment for certain items (principally salaries) may be made by banker's standing order

- a. provided that the instructions are signed, or otherwise evidenced by two authorised signatories (at least one of which must be a member) are retained
- b. all such payments as made shall be reported to the Council at the next convenient meeting.
- c. the approval of the use of a banker's standing order shall be renewed by resolution of the Council at least every two years.

6.8. If thought appropriate and in accordance with Regulation 5, payment for certain items may be made by BACS or CHAPS methods:

- a. provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised signatories (at least one of which must be a member) are retained
- b. all such payments as made shall be reported to the Council at the next convenient meeting.
- c. the approval of the use of BACS or CHAPS shall be renewed by resolution of the Council at least every two years.

6.9. If thought appropriate and in accordance with Regulation 5, payment for certain items may be made by internet banking transfer:

- a. provided evidence is retained showing which signatory assigned the payment and which signatory authorised the payment.

6.10. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator.

6.11. The bank mandate approved by the Council shall identify at least 2 Councillors who will be authorised to approve transactions on those accounts.

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- 6.12. 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. 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.
- 6.14. 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 or a duly delegated committee.
- 6.15. 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.
- 6.16. 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.
- 6.17. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites") and not through a search engine or e-mail link.
- 6.18. 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 profoundly serious matter under these regulations.
- 6.19. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the RFO and a member. A programme of regular checks of standing data with suppliers will be followed.
- 6.20. Any Debit Card issued for use will be specifically restricted to the Proper Officer [and the RFO] and will also be restricted to a single transaction maximum value of [£500] unless authorised by Council or finance committee in writing before any order is placed.
- 6.21. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Council [Finance Committee]. Transactions and purchases

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made will be reported to the [Council] [relevant committee] and authority for topping-up shall be at the discretion of the [Council] [relevant committee].

- 6.22. Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the RFO and shall be subject to automatic payment in full at each month-end.
- 6.23. Personal credit or debit cards of members or staff shall not be used under any circumstances.
- 6.24. The Council will not maintain any form of petty cash float. All cash received must be banked intact. Any payments made in cash by any employee of the Council, for example for postage or minor stationery items, shall be refunded on a regular basis, at least quarterly. via a claim for expense.

**7. PAYMENT OF SALARIES**

- 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, and salary rates shall be as agreed by Council, or duly delegated committee.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to 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 the next available Council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the [Council] [relevant committee].
- 7.4. 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 (confidential cash book). 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



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- c. by the external auditor or
- d. by any person authorised under Public Audit (Wales) Act 2004, or any superseding legislation.

7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have been paid.

7.6. An effective system of personal performance management should be maintained for the senior officers.

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

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

**8. LOANS AND INVESTMENTS**

8.1. 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.

8.2. as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full Council.

8.3. Any financial arrangement which does not require formal borrowing approval from the Welsh Government (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.

8.4. The Council will arrange for copies of bank statements to be mailed to the Chair should that person, for whatever reason, does not have access to Council's online banking arrangements.

8.5. 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.

8.6. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.

8.7. All investments of money under the control of the Council shall be in the name of the Council.

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8.8. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

8.9. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

**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.

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 RFO and the RFO shall be responsible for the collection of all accounts due to the Council.

9.3. The Council will review all fees and charges at least annually, following a report of the Proper Officer.

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 made in cash or by cheque, received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all such receipts shall be deposited with the Council's bankers with such frequency as the RFO 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 RFO 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 RFO 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.

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- 9.10. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity, meeting separately from any Council meeting (see also Regulation 16 below).

**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.
- 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 de minimis provisions in Regulation 11.1 below.
- 10.4. A member may not issue an official order or make any contract on behalf of the Council.
- 10.5. The RFO 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 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. The RFO shall draw up a list of approved contractors initially based on the list maintained by the Unitary Authority (Rhondda Cynon Taf CBC or its successor) and approved by Council and may make recommendations for contractors to be added to that list subject to an assessment of but by no means limited to, their performance and capability on providing previous similar works and or services, satisfactory references (if necessary), satisfactory safeguards against any liability due to faulty workmanship or any other mishap and proof of financial stability.
- 11.2. 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 this regulation need not apply to contracts which relate to items (i) to (vi) below:



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- 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 are only sold at a fixed price.
- b. The full requirements of The Public Contracts Regulations 2015 (“the Regulations”), as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time) .
- 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.
- d. Such invitation to tender shall state the general nature of the intended contract and the Proper Officer 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 Proper Officer 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.
- e. All seal tenders submitted are to be opened at the same time, after the stated closing date by the RFO in the presence of either the Chair or Deputy Chair of the Audit Committee, or in their absence by at least one other member of the Council.
- f. Any invitation to tender issued under this regulation shall be subject to Standing Orders 54 and shall refer to the terms of the Bribery Act 2010.
- g. When it is intended to enter into a contract 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 Regulation 11.1., where the value:

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- is less than £25,000 and greater than £6000 the RFO shall obtain 3 quotations (priced descriptions of the proposed supply)
  - is below £6,000 and above £1,000 the Proper Officer or RFO shall strive to obtain 3 estimates of the cost of proposed supply
  - otherwise, Regulation 10.3 above shall apply.
- h. The Council shall not be obliged to accept the lowest or any tender, quotation or estimate.
- i. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.
- 11.3. The Proper Officer shall maintain a register of personal interests, in respect of both members and senior staff.
- a. Members and senior staff should not, so far as is practicable, be involved in the award of orders and/or contracts with organisations or individuals in respect of which a personal interest exists, whether declared or not.
- b. Members and senior staff should not, so far as is practicable, be involved in the making or authorising payments in respect of orders and/or contracts with organisations or individuals in respect of which a personal interest exists, whether declared or not.

## **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 percentage withholding as may be agreed in the particular contract).
- 12.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments.
- 12.3. 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.

**FINANCIAL REGULATIONS Version 2.02**

12.4. Any variation to a contract or addition to or omission from a contract must be approved by the Council and:

- a. The RFO to inform the contractor in writing.
- b. the Council being informed where the final cost is likely to exceed the financial provision.

**13. STORES AND EQUIPMENT**

13.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

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 shall be responsible for periodic checks of stocks and stores at least annually.

**14. ASSETS, PROPERTIES AND ESTATES**

14.1. The Proper Officer shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council.

14.2. The RFO shall ensure a record is maintained of all properties held 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 Accounts and Audit (Wales) Regulations.

14.3. No tangible moveable property shall be purchased or otherwise acquired, 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 £1,000.

14.4. No real property (interests in land) shall be:

- a. sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).



## **FINANCIAL REGULATIONS Version 2.02**

- b. purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. Subject only to the limit set in Reg. 14.3. above, no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council with a full business case.
- 14.6. The RFO 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, possibly in conjunction with a health and safety inspection of assets.

## **15. INSURANCE**

- 15.1. Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with all other members of staff as appropriate.
- 15.2. All members of staff 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 effected 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 and shall report these to Council at the next available meeting.
- 15.5. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined [annually] by the Council, or duly delegated committee.

## **16. CHARITIES**

- 16.1. If the Council becomes managing trustee of a charitable body the 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, or as determined by the Charity Commission. The RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

## **17. RISK MANAGEMENT**

- 17.1. The Council is responsible for putting in place arrangements for the management of risk. The Proper Officer [with the RFO] 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.
- 17.2. When considering any new activity, the Proper Officer [with the RFO] shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **18.SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 18.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.
- 18.2. The RFO 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.
- 18.3. The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.

# Llanharan Community Council 2021-2022

## Bank - Cash and Investment Reconciliation as at 31 March 2022

		<u>Account Description</u>	<u>Balance</u>	
<u>Bank Statement Balances</u>				
1	31/03/2022	Businesss Premium A/c	81,362.74	
1	31/03/2022	Current A/c	500.00	
2	31/03/2022	The Public Sector Deposit Fund	246,267.24	
3	31/03/2022	BarclayCard	0.00	
				<b>328,129.98</b>
<u>Other Cash &amp; Bank Balances</u>				
		Cash at Hand	0.00	
				<b>0.00</b>
				<b>328,129.98</b>
<u>Unpresented Payments</u>				
1	06/01/2022	BACS	0.80	
				<b>0.80</b>
				<b>328,129.18</b>
<u>Receipts not on Bank Statement</u>				
0	31/03/2022	All Receipts Cleared	0.00	
				<b>0.00</b>
<b>Closing Balance</b>				<b>328,129.18</b>
<u>All Cash &amp; Bank Accounts</u>				
1		Current and Premium Bank A/c	81,861.94	
2		Public Sector Deposit Fund	246,267.24	
3		Barclaycard	0.00	
		Other Cash & Bank Balances	0.00	
		<b>Total Cash &amp; Bank Balances</b>		<b>328,129.18</b>










<u>Bank Statement Account Name (s)</u>	<u>Statement Date</u>	<u>Page No</u>	<u>Balances</u>
Current A/c	20/12/2021		500.00
Businesss Premium A/c	20/12/2021		81,362.74
			<u>81,862.74</u>
<u>Unpresented Cheques (Minus)</u>		<u>Amount</u>	
06/01/2022 BACS Rialtas Business Support		0.80	
			<u>0.80</u>
			81,861.94
<u>Receipts not Banked/Cleared (Plus)</u>			
		0.00	
			<u>0.00</u>
			81,861.94
		Balance per Cash Book is :-	81,861.94
		Difference is :-	0.00

Time: 22:13

## Bank Reconciliation up to 31/03/2022 for Cashbook No 1 - Current and Premium Bank A/c

<u>Date</u>	<u>Cheque/Ref</u>	<u>Amnt Paid</u>	<u>Amnt Banked</u>	<u>Stat Amnt</u>	<u>Difference</u>	<u>Cleared</u>	<u>Payee Name or Description</u>
06/01/2022	BACS	148.80		148.00	0.80	<input type="checkbox"/>	Rialtas Business Support
28/01/2022	CREDITCARD	-204.00		-204.00		R <input checked="" type="checkbox"/>	Welsh Water
28/01/2022	CREDITCARD	204.00		204.00		R <input checked="" type="checkbox"/>	Welsh Water
07/02/2022	CREDITCARD	-223.14		-223.14		R <input checked="" type="checkbox"/>	Llaharan Concrete
07/02/2022	CREDITCARD	223.14		223.14		R <input checked="" type="checkbox"/>	Llanharan Concrete
20/02/2022	CREDITCARD	-23.00		-23.00		R <input checked="" type="checkbox"/>	Pencoed Builders Merchant
20/02/2022	CREDITCARD	23.00		23.00		R <input checked="" type="checkbox"/>	Pencoed Builders Merchant
20/02/2022	CREDITCARD	-23.00		-23.00		R <input checked="" type="checkbox"/>	Pencoed Builders Merchant
20/02/2022	CREDITCARD	23.00		23.00		R <input checked="" type="checkbox"/>	Pencoed Builders Merchant
02/03/2022	allot		26.00	26.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
07/03/2022	DDR	15.35		15.35		R <input checked="" type="checkbox"/>	bank
07/03/2022	allot		52.00	52.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
07/03/2022			2.21	2.21		R <input checked="" type="checkbox"/>	Receipt(s) Banked
07/03/2022			1,111.11	1,111.11		R <input checked="" type="checkbox"/>	Receipt(s) Banked
08/03/2022	DD	25.00		25.00		R <input checked="" type="checkbox"/>	Tesco Mobile phones x 3
09/03/2022	BACS	1,612.71		1,612.71		R <input checked="" type="checkbox"/>	Days Rental
09/03/2022	BACS	192.00		192.00		R <input checked="" type="checkbox"/>	Green Acres Contracting
09/03/2022	BACS	126.56		126.56		R <input checked="" type="checkbox"/>	Riverlea
09/03/2022	BACS	852.54		852.54		R <input checked="" type="checkbox"/>	RCT Pensions
09/03/2022	bacs		500.00	500.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
10/03/2022	allot		26.00	26.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
14/03/2022	BACS	1,972.35		1,972.35		R <input checked="" type="checkbox"/>	RCT
14/03/2022	BACS	-1,972.35		-1,972.35		R <input checked="" type="checkbox"/>	RCT
14/03/2022	BACS	2,366.82		2,366.82		R <input checked="" type="checkbox"/>	RCT
14/03/2022	BACS	180.00		180.00		R <input checked="" type="checkbox"/>	FunGrenade Ltd
14/03/2022	BACS	30.00		30.00		R <input checked="" type="checkbox"/>	Peter Merry
14/03/2022	BACS	10,000.00		10,000.00		R <input checked="" type="checkbox"/>	The Wildlife Trust
14/03/2022			3.45	3.45		R <input checked="" type="checkbox"/>	Receipt(s) Banked
14/03/2022			26.00	26.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
15/03/2022	BACS	232.02		232.02		R <input checked="" type="checkbox"/>	BT
15/03/2022	BACS	610.85		610.85		R <input checked="" type="checkbox"/>	Gallagher
15/03/2022	CIL		62,351.30	62,351.30		R <input checked="" type="checkbox"/>	Receipt(s) Banked
16/03/2022			52.00	52.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
21/03/2022	DD	209.45		209.45		R <input checked="" type="checkbox"/>	SSE Electric
21/03/2022	allot		26.00	26.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
21/03/2022	allot		26.00	26.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
21/03/2022	Pantry		162.00	162.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
21/03/2022	allot		839.80	839.80		R <input checked="" type="checkbox"/>	Receipt(s) Banked
21/03/2022	allot		442.00	442.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
21/03/2022	cil		1,178.59	1,178.59		R <input checked="" type="checkbox"/>	Receipt(s) Banked
22/03/2022	allot		26.00	26.00		R <input checked="" type="checkbox"/>	Receipt(s) Banked
24/03/2022	BACS	456.00		456.00		R <input checked="" type="checkbox"/>	vale consultancy
24/03/2022	BACS	5,804.07		5,804.07		R <input checked="" type="checkbox"/>	LRGT
25/03/2022	BACS	144.00		144.00		R <input checked="" type="checkbox"/>	Brynna Cleaning
25/03/2022	BACS	1,950.00		1,950.00		R <input checked="" type="checkbox"/>	miskin tree services

## Bank Reconciliation up to 31/03/2022 for Cashbook No 1 - Current and Premium Bank A/c

<u>Date</u>	<u>Cheque/Ref</u>	<u>Amnt Paid</u>	<u>Amnt Banked</u>	<u>Stat Amnt</u>	<u>Difference</u>	<u>Cleared</u>	<u>Payee Name or Description</u>
28/03/2022	BACS	96.00		96.00		R 	Brynna Cleaning
28/03/2022	BACS	3,863.63		3,863.63		R 	March Salaries
28/03/2022	BACS	10,000.00		10,000.00		R 	Brynnau Primary School
28/03/2022	BACS	50,000.00		50,000.00		R 	brynnau Primary School
28/03/2022	trans	347.55		347.55		R 	Barclaycard
29/03/2022	PSDF	76.00		76.00		R 	Public Sector Deposit Fund
29/03/2022	PSDF		5,277.91	5,277.91		R 	Receipt(s) Banked
		<u>89,339.35</u>	<u>72,128.37</u>				