



# Llanharan Community Council

## FINANCIAL REGULATIONS

### Version 4.2

These Financial Regulations were approved by the council at its meeting on 16<sup>th</sup> May 2024. Minute ref AM2024/020

An edit was made to produce V4.2 at the Council meeting held on 20th June 2024 Minute ref 2024/139.

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



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**Statement:**

The Responsible Financial Officer (RFO) and the Clerk of the Council are for the purpose of this document the Proper Officers of the Council.

In the context of these Financial Regulations the terms:

1. “RFO” refers to the Responsible Financial Officer.
2. “A.M.” refers to Annual Meeting.
3. “the Chair” refers to **the** Chairperson of the Council and or **the** 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 **the** Deputy Chairperson of the Council and or **the** Deputy 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. 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 willful 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 RFO has been appointed for this Council and these regulations will apply accordingly.
- 1.9. The RFO:
  - a. acts under the policy direction of the Council.
  - 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 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.

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 general grant, usually based upon the recommendations made by the Audit Committee at either of its twice yearly meetings (dates specified at the Annual Meeting) when such matters are usually decided upon.
  - c. Approve any CIL grant regardless of value, usually based upon the recommendations made by the CIL Committee at any of its periodic meetings.
  - d. approve a single expected expenditure in excess of £3,000 prior to commitment and
  - e. 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.

On a regular basis, at least once in each quarter, and at each financial year end, the Audit Committee shall be presented with bank reconciliations for all accounts produced by the RFO. The RFO will highlight any unreconciled items or other anomalies. The Committee shall, by resolution approve the reconciliations as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.



- 2.2. 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.
- 2.3. 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.
- 2.4. 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.
- 2.5. 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.
- 2.6. Internal or external auditors may not under any circumstances:
  - 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

- d. 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.
- 2.7. 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.
- 2.8. 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 in the same financial year.
- 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 £1,501 or more except where previously and specifically delegated to a committee.
- b. the Proper Officer, in conjunction with Chair of Council or Chair of the appropriate committee with a delegated budget, for any item costing between £250 and £1,500
- c. the Proper Officer for any sundry item up to £250 except for an item or service purchased under the conditions of *Regulation 4.9*

See also 4.9 with regards to authority of the Proper Officer to spend in emergency circumstances relating to extreme risk to the delivery of Council services.

- 4.2. Such authority is to be evidenced by a meeting minute recording a resolution of Council or the appropriate Committee, or in the case of *Regulation 4.1.b.*, an email or other verifiable form of electronic communication between the Proper Officer and the appropriate Chair. All payments made will be reported to Council in a subsequent Council meeting.
- 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 revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated committee.
- 4.5. 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').

- 4.6. Unspent provisions in the budgets for completed projects shall not be carried forward to a subsequent year.
- 4.7. 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 approved by both the HR Committee and Audit Committee for presentation to Council as part of the normal budget setting process.
- 4.8. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.9. 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 of the Council as soon as possible and to the Council as soon as practicable thereafter.
- 4.10. 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 that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.11. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.12. The RFO shall regularly provide the Audit committee or Full Council 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.
- 4.13. If presented to the Audit Committee or such committee as directed by resolution of the Council then that committee shall make its observations known to the next available Council meeting.
- 4.14. 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 and any investment accounts or other financial instruments, 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. Spending authority and evidence of such should be in compliance with *Regulation 4.1 and 4,2*
- 5.5. All payments made under specific resolution of Council or covered under *Regulation 5.4* will be made by the RFO as per *Regulation 5.9* and reported to Council in a subsequent Council meeting.
- 5.6. 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 a committee or a clause of these financial regulations to the appropriate values.
- 5.7. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.
- 5.8. The RFO shall have the delegated authority to take all steps to raise payment:
- 5.9. 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/or 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;
- 5.10. of an expenditure item authorised under 5.12 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Council;

- 5.11. 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 the Council.
- 5.12. For each financial year the RFO may 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 by resolution for the year provided:
- 5.13. that the requirements of *Regulation 4.1* (Budgetary Controls) are adhered to.
- 5.14. A list of any such payments made is reported to the next appropriate meeting of Council and approved by resolution on each and every occasion - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.15. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable or other interest, unless a dispensation has been granted.
- 5.16. The Council may aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.17. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) shall 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 *Regulation 5* above, the Council, a duly delegated committee or, if so delegated, the Proper Officer 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 credit card 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 where at least one of which must be a Councillor.
  - 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 provided:
  - a. that the instructions are signed or otherwise evidenced by two authorised signatories where at least one of which must be a Councillor, 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 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 where, at least one of which must be a Councillor 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, where at least one of which must be a Councillor, are retained
  - b. all such payments as made shall be reported to the Council at the next convenient meeting.
- 6.9. If thought appropriate and in accordance with *Regulation 5*, payment for certain items may be made by internet banking transfer provided evidence is retained showing which signatory assigned the payment and which signatory authorised the payment.
- a. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator.
  - b. The bank mandate approved by the Council shall identify at least 2 Councillors who will be authorised to approve transactions on those accounts.
  - c. 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.
- 6.10. 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 on a electronic document and held securely and in an encrypted format in a location to which only the Proper Officers and Chair of the Council have access.
- 6.11. If deemed necessary, the PIN and / or passwords shall be changed as soon as practicable and access to the document restricted accordingly.



- 6.12. Where this security protocol has to be used or there is a known breach of security then this shall be reported to all members immediately and formally to the next available meeting of the Council.
- 6.13. *Regulations 6.10, 6.11, 6.12 and 6.13* 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.
- 6.19. Breaches of *Regulation 6.18* will be treated as a profoundly serious matter under these regulations and may be regarded as a breach of the Code of Conduct.
- 6.20. Changes to account details for suppliers, which are used for internet banking may only be changed once the RFO has confirmed with the supplier via a known and verifiable telephone number that the account detail changes are valid and correct.
- 6.21. Any Debit Card issued for use will be specifically restricted to the Proper Officers and will also be restricted to a single transaction maximum value of £500 unless authorised by Council or Audit committee in writing before any order is placed.
- 6.22. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Council or the audit Committee. Transactions and purchases made will be reported to the Council and

authority for topping- up shall be at the discretion of the Audit committee or delegated to the RFO via resolution.

- 6.23. Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the RFO unless a resolution of Council authorises otherwise, and shall be subject to automatic payment in full at each month-end.
- 6.24. The Council will not maintain any form of petty cash float for expenditure except for a small float not exceeding £20 which may be held for the Pantry for the provision of providing change only.
- 6.25. All other cash received must be banked intact as soon as is practicable.
- 6.26. 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.
- 7.2. 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.
- 7.3. 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.
- 7.4. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.

- 7.5. 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 to the satisfaction of the Proper Officer.
  - b. by the internal auditor
  - c. by the external auditor or
  - d. by any person authorised under Public Audit (Wales) Act 2004, or any superseding legislation.
- 7.6. 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.
- 7.7. This line is intentionally blank
- 7.8. Payments relating to the termination of contracts of employment shall be supported by a clear business case and reported to the Council.
- 7.9. Termination payments shall only be authorised by Council.-
- 7.10. Matters of redundancy of employment where a cost will be incurred shall be supported by a clear business case and reported to the Council.
- 7.11. Redundancy payments shall only be authorised by Council.
- 7.12. 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. 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, not have access to Council's online banking arrangements and bank statements.
- 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.
- 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).
- 8.10. Unless superseded by the Council's Investment strategy/Policy, the RFO is authorised to maintain the Public Sector Deposit Fund (PSDF) to hold the balance of the Council's Community Infrastructure Levy (CIL) funds received from RCTCBC but not spent, and to make such transfers between accounts as is necessary in accordance with the instructions of Council and authority to spend under *Regulations 5 and 6* to maintain Council CIL funds in the PSDF account.
- 8.11. Any transfers between the PSDF and the Councils bank accounts for any other reason other than maintaining the balance of the Councils CIL funds

received from RCTCBC but not spent, must be authorised by resolution of Council unless superseded by the Council's Investment strategy/Policy.

## **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 lawful 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.
- 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 in accordance with *Regulation 17*.

## **10. ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1. An official order or letter or email or other electronic and archivable correspondence 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 Proper Officer.
- 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*
- 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 ensure any contractor used by the Council has the appropriate liability insurances in place to provide safeguards against any liability due to faulty workmanship or any other mishap.

11.2. The Proper Officer should seek to ensure that an appropriate level of due diligence is undertaken on any contractor to be used by the council. Including where possible assessing 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.

11.3. 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:
  - 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 or for other specialist services.
  - 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.
- b. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- c. 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) .
- d. 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 from the Proper Officer.

- e. 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 11.3.*, where the value:
  - i. is £30,000 (inclusive of VAT) or greater, a formal tendering process must be followed as set out in *Regulation 12*
  - ii. is less than £30,000 (inclusive of VAT) and greater than £1,500 the Proper Officer shall obtain 3 written quotations which clearly detail the priced descriptions of the proposed supply.
  - iii. is below £1,500 and above £250 the Proper Officer shall strive to obtain 3 estimates of the cost of proposed supply.
  - iv. otherwise, *Regulation 10.3* shall apply.

11.4. The Council shall not be obliged to accept the lowest price, or any tender, quotation or estimate.

11.5. 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.

## **12. Formal tendering process**

12.1. 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 11.3* where the value is equal to or greater than that set out in *Regulation 11.3 e.i.* the following process shall be followed, either Method A or Method B may be used. In either case the Proper Officer shall obtain the necessary technical assistance to prepare a specification in appropriate cases.

### **12.2. Method A**

- a. For notice of invitation to Tender to be posted on 'Sell2Wales' (The Welsh public sector tender portal).



- b. Details of the tender and how to access the tender via the Sell2Wales portal shall be posted in Community Council noticeboards and on the Council's website.
- c. The Council may also approach companies who deal in such work to make them aware of the tender and how to access the tender via the Sell2Wales portal.
- d. Once the tender is posted, all communications relating to the tender shall take place only via the portal.
- e. Where, in the opinion of the Council, the supply of goods, materials, services and the execution of works are of a specialist nature, as an alternative to *Regulation 11.3.e.i.* tenders may be invited from at least three specialist contractors, selected by the Council, specialising in the type of work included in the contract.
- f. The tender notice will give details of the requirements of the Council, the technical details for the tender and any other relevant information. The tender will also state the deadline for the tender submissions to be received.
- g. The tender notice shall be posted on Sell2Wales as such that whilst those expressing an interest are able to communicate via the portal in order to ask questions regarding the tender, the tender submissions shall be received in the secure 'postbox'. The secure postbox can only be opened to view submissions after the deadline date by authorised persons.
- h. All access to the postbox will be logged.
- i. Only the Proper Officers shall be authorised to open the secure postbox.
- j. The first opening of the postbox shall take place after the stated closing date by the Proper Officer 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.
- k. The name of those present shall be reported to Council and minuted accordingly.

### 12.3. **Method B**

- a. A public notice of an invitation to tender shall be given in the same manner as a public notice of meetings of the Council and in the local press, the notice shall also be posted on the Council's website.
- b. The Council may also approach companies who deal in such work to make them aware of the tender.
- c. Where, in the opinion of the Council, the supply of goods, materials, services and the execution of works are of a specialist nature, as an alternative to *Regulation 11.3.e.i.* tenders may be invited from at least three specialist contractors, selected by the Council, specialising in the type of work included in the contract.
- d. The invitation to tender shall state the tender specification, the time, date and address for the submission of tenders including the deadline for submission, the date of the Council's written response to the tender and, a prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process, although to allow technical questions to Officers regarding the details of the tender.
- e. In addition state that tenders must be addressed to the Clerk in the ordinary course of post.
- f. 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.
- g. All sealed tenders shall be opened at the same time on the prescribed date by the Proper Officer 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.
- h. The name of those present shall be reported to Council and minuted accordingly.

12.4. Whether Method A or Method B is used:

- a. The decision on the awarding of a Formal Tender shall be taken by Full council unless authority has been delegated to a Committee.
- b. The Council shall not be obliged to accept the lowest of any tender, quote or estimate

- c. 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.
- d. If no tenders are received, or that all the quotations are identical, the Council or committee may make such arrangements for procuring the supply of goods, materials, services and the execution of works, as it thinks fit.
- e. Any invitation to tender issued under these regulations shall be subject to *Standing Orders* and shall refer to the terms of the Bribery Act 2010.
- f. 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) .
- g. Where the value of a contract is likely to exceed the threshold specified by the Office of Government Commerce from time to time, the Council must consider whether the Public Contracts Regulations 2015 or the Utilities Contracts Regulations 2016 apply to the contract and, if either of those Regulations apply, the Council must comply with procurement rules. OVW can supply Council’s with further information in this regard.

12.5. The Proper Officers shall maintain a register of personal interests, in respect of both members and senior staff.

12.6. 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.

12.7. 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

### **13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 13.1. 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.
- 13.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments.
- 13.3. 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.
- 13.4. Any variation to a contract or addition to or omission from a contract must be approved by the Council and:
- 13.5. The RFO to inform the contractor in writing.
- 13.6. the Council being informed where the final cost is likely to exceed the financial provision.

### **14. STORES AND EQUIPMENT**

- 14.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 14.2. Delivered goods must be checked as to order and quality at the time delivery is made where practicable.
- 14.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 14.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

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

- 15.1. The Proper Officer shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council.
- 15.2. 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.
- 15.3. 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 £1,500.
- 15.4. 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).
  - 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 which will include an adequate level of consultation with the electorate.
  - c. Subject only to the limit set in *Regulation 15.3*, 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.
- 15.5. 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.

## **16. INSURANCE**

- 16.1. Following the annual risk assessment as in accordance with *Regulation 18* 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.
- 16.2. 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.
- 16.3. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 16.4. 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.
- 16.5. 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 by the Council, or duly delegated committee.

## **17. CHARITIES**

- 17.1. 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.
- 17.2. If the Council becomes managing trustee of a charitable body, the RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

## **18. RISK MANAGEMENT**

- 18.1. The Council is responsible for putting in place arrangements for the management of risk.

- 18.2. The Proper Officer's shall prepare, for approval by the Council, financial 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.
- 18.3. When considering any new activity, the Proper Officers shall prepare a draft risk assessment including financial risk management proposals for consideration and adoption by the Council.

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

20. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.
21. 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.
22. 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 from such an action has been drawn up and presented in advance to all members of Council.
23. End of Financial Regulations