

TREWERN COMMUNITY COUNCIL / CYNGOR CYMUNED TREWERN

FINANCIAL REGULATIONS

For Reference:

RFO = Clerk

Internal Auditor = Time Release

External Auditor = Grant Thornton

1. GENERAL

- 1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.
- 1.5 The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a Risk Assessment on internal control with its statement of accounts.

2. ANNUAL BUDGETS

- 2.1 Detailed estimates of income and expenditure shall be prepared by the RFO no later than the end of December each year.
- 2.2 In January, the Council will consider the detailed budget for approval and set the precept to be levied for the next year. The RFO will supply each member with a copy of the approved budget.
- 2.3 The annual budget shall form the basis of the financial control for the next year.

3. BUDGETARY CONTROL

- 3.1 Revenue expenditure may only be incurred up to the amounts included in the Council's budget.
- 3.2 Where essential spending would otherwise exceed the approved budget, amounts can be varied from other budget heads or from reserves with the approval of the Council.

- 3.3 The RFO shall on a regular basis provide the Council with a financial statement under each budget head showing actual income and expenditure against the planned budget. Unspent balances at the yearend will be transferred to the general reserve.
- 3.4 The RFO may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such urgency that, in the opinion of the RFO, it must be done at once, whether or not there is budgetary provision, subject to a financial limit of £200. The RFO shall report the action taken to the Council as soon as practicable thereafter.
- 3.5 No expenditure shall be incurred in relation to any capital project and no contracts entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The RFO shall be responsible for preparing the Council's financial statements and completing the relevant section of the Annual Return required by proper practices, and submitting them to the Council in accordance with the statutory limits.
- 4.3 The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents to the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.4 The Internal Auditor shall carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.5 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.6 The RFO shall ensure that all statutory requirements to publish accounts are complied with and that the requirements of the External Auditor are met.

- 4.7 The RFO shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council, and if in order authorised for payment by a resolution of the Council. All payments to be entered in the minutes.
- 5.3 Electronic payments and any cheques drawn on the Council's bank account shall be signed/authorised by any two of three authorised signatories.

6. PAYMENT OF ACCOUNTS

- 6.1 The RFO shall prepare a schedule of payments requiring authorisation by any two of the three Authorised Signatories. The two Authorised Signatories shall review the schedule for compliance and, having satisfied themselves shall authorise payment by signing each Cheque and Cheque Stub or by authorising any electronic payments. Payments made by Electronic Methods such as Online Banking, BACS or CHAPS methods will require evidence showing which members approved the payment.
- 6.2 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.
- 6.3 Changes to account detail 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 of the RFO or a Bank Signatory.
- 6.4 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.5 Where electronic banking is used for regular items such as payroll, details of payments shall be reported to the next meeting and approved by Council, and expenditure entered in the minutes. A daily payment limit is set at £250.
- 6.6 Direct debit or standing order payments may be permitted, with the approval of Council, for regular items such as utility bills or payroll. Amounts so paid should be reported to Council along with the normal payment schedule.
- 6.7 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may (notwithstanding para 6.4) take all

steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council. The Council shall provide the RFO with an appropriate sum of petty cash for the purpose of defraying operational and other expenses (postage etc). The RFO shall keep a record of petty cash and the payments made.

- 6.8 Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- 6.9 Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.1.2 above.

7. PAYMENT OF SALARIES

- 7.1 It shall be the responsibility of the External Agent to calculate payment of salaries and wages in accordance with legislation and the rates in force and arrange for such payment to be made via the Basic PAYE Tools and the Council's banker. The RFO must ensure that all salary and other relevant payments comply with PAYE, Pension Regulator and other rules issued by HMRC. All payments to be approved at the next meeting of the Council.
- 7.2 All time sheets shall be examined by the Chairperson to ensure that they have been signed and duly certified that such time has been worked.

8. LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 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 as to terms and purpose.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9. INCOME

- 9.1 The collection of all sums due to the Council shall be the responsibility of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be 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 annually, following a report of the RFO.
- 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 received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all 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.

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 as all times.
- 10.4 An officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (I) below.
- 10.5 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order and that funds are available within budget, 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.
- 10.6 Longer term contracts for the supply of services such as gas, electricity, water and telephones should be regularly reviewed to ensure that the best terms are being obtained with regard to tariffs and supplier. Other ongoing arrangements such as with professional advisers, banks, insurance providers, maintenance contractors etc., should be reviewed at least every three years and a report prepared for council on how best to ensure continuing value for money. Everyone involved with the council should be aware of the need to achieve value and increase efficiency and should bring relevant issues to the attention of the clerk and the Council.
- 10.7 Orders should only be placed for goods and services that will be used by the Council for its own purposes

11. ASSETS

- 11.1 Assets should be recorded in the Council's Asset Register at original cost.
- 11.2 Surplus assets should be disposed of, with the approval of Council, for the best possible price.

12. CONTRACTS

12.1 Procedures as to contracts are laid down as follows:

- a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
 - (ii) for specialist services, such as are provided by solicitors, accountants, surveyors and planning consultants;
 - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - (v) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the RFO shall act after consultation with the Chairperson and Vice Chairperson of Council);
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- b) Where it is intended to enter into a contract exceeding £20,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the RFO shall invite tenders from at least three firms to be taken from the appropriate approved list.
- 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) An invitation to tender shall state the general nature of the intended work or service to be provided and shall be required to be delivered in sealed envelopes. All tenders for the same work shall be opened at the same time by such persons as the Council may direct.
- e) All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one member of Council.

- f) If less than three tenders are received for contracts above £20,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- g) When it is to enter into a contract less than £20,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

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. 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.
- 13.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and RFO to the Contractor in writing before any work has begun, the Council being informed where the final cost is likely to exceed the financial provision.

14. STORES AND EQUIPMENT

- 14.1 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.
- 14.2 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 14.3 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

15. PROPERTIES AND ESTATES

- 15.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all

properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

- 15.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.

16. INSURANCE

- 16.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 16.2 The RFO shall give prompt notification to the Council 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 employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

17. RISK MANAGEMENT

- 17.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council. This should involve identifying significant risks and agreeing how they should be managed, taking into account the potential consequences and the likelihood of the event happening. New ventures should be subject to a risk assessment before they are approved and the resultant management actions implemented.
- 17.2 When considering any new activity, the RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.
- 17.3 Insurance arrangements should be set up by the RFO to cover potentially high cost risks and meet statutory obligations. Insurance terms and costs should be kept under regular review to ensure that best value is obtained.

18. 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.

Trewern Community Council adopted these Financial Regulations at its meeting on:

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Signed:..... Date:.....

Print Name:.....

Position:.....

Version No:.....

Review Date = Annual

Amended or Reviewed	Date	Version No	Who
Approved			