

Cyngor Cymuned LLANBEDROG Community Council

FINANCIAL REGULATIONS

1. General

- 1.1.** The financial Regulations govern the financial management of the Council and only the Council may change or amend them by resolution. The Council is responsible by law for ensuring that its financial management is adequate and effective, and that the Council has a sound system of financial management which assists the Council to carry out its services effectively, including arrangements for management risk and prevention and detection of fraud and corruption. The purpose of the financial regulations is to show how the Council fulfils these responsibilities.
- 1.2.** The Clerk has been appointed as Responsible Financial Officer for this Council and these regulations will apply in that respect. The Clerk will act under the guidance of the Council's policy, administer the Council's financial affairs in accordance with appropriate practices. The Clerk will decide on behalf of the Council its account records, and its accounting control systems. The Clerk will ensure that the accounting control systems are adhered to and that the Council's accounting records are kept, and that they are kept up to date in accordance with appropriate practices.
- 1.3.** The Clerk will produce financial management information as requested by the Council.
- 1.4.** At least once a year before approving the annual report, the Council will carry out a review of the effectiveness of its internal control system which will be in accordance with appropriate practices.
- 1.5.** In these financial regulations, references to the Accounting and Audit Regulations will mean the Regulations issued through section 27 of the Audit Commission Act 1998 and in force at the time.
- 1.6.** In these financial regulations the term 'appropriate practices' will refer to the guidelines published in 'Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide' published jointly by NALC and SLCC and which be updated from time to time.

2. Annual forecast (accounts)

- 2.1.** Each Committee (if there are any) will draw up and submit proposals to the Council for revenue and capital including the use of reserves and funding sources for the following financial year, no later than the end of November every year.
- 2.2.** Detailed estimates of all receipts and payments including the use of reserve funds and all funding sources for the year will be prepared each year by the Clerk in the form of a budget to be discussed by the Council.
- 2.3.** The Council will review the budget no later than January each year and will determine the Precept for the following financial year. The Clerk will provide details of the Precept to their billing authority and will provide a copy of the approved budget to each member.
- 2.4.** The annual budgets will formalise the foundation of financial management for the coming year
- 2.5.** The Council will consider the need for and pay attention to a three-year forecast.

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- 2.6. Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

3. **Budgetary management**

- 3.1. Money may be spent on revenue items up to the amounts included for that class of expenditure in the approved budget.
- 3.2. No money may be spent that exceeds the amount in the revenue budget for that class of expenditure. During the year in question and with the consent of the Council after fully considering the implications for public services, available and unspent sums may be moved to other budget headings or to a specified reserve fund as required.
- 3.3. The Clerk will regularly provide the Council with a statement of receipts and payments up to that point under all budget headings, comparing exact expenditure up to the date in question with what was intended in the budget. These statements are prepared at least up to the end of each financial quarter.
- 3.4. The Clerk may spend money on behalf of the Council which is necessary to carry out any repair work or other work which is so urgent that it must be done immediately, whether there is budgetary provision for it or not, up to maximum of £200. The Clerk will inform the Council of the steps taken as soon as possible thereafter.
- 3.5. Unspent money in the revenue budget may not be carried forward to the following year unless it is placed in a specified reserve fund by Council decision.
- 3.6. No money may be spent on any capital project and no contract may be agreed or any tender accepted for capital expenditure unless the Council is satisfied that the necessary funds are available, or the necessary borrowing permission has been obtained.
- 3.7. All capital works are administered in accordance with the Council's Standing Orders and Financial Regulations for contracts.

4. **Accounting and auditing**

- 4.1. All accounting procedures and the Council's financial records will be determined by the Clerk in accordance with the Accounting and Auditing Regulations.
- 4.2. The Clerk will complete the Council's annual financial statements, including the Council's annual report, as soon as practicable after the end of the financial year and will present them and inform the Council that this has been done.
- 4.3. The Clerk will complete the Council's accounts contained in the Annual Report (as provided by the Auditor appointed from time to time by the Audit Commission) and will submit the Annual Report for confirmation and to be authorised by the Council within the time periods specified in the Accounting and Audit Regulations.
- 4.4. The Clerk will ensure that there is an adequate and effective system for carrying out internal audits of the Council's accounting, financial and other types of work in accordance with appropriate practices. Any of the officers or members of the Council shall, at the request of the Clerk or the Internal Auditor, provide any of the Council's

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documents which the Clerk or the Internal Auditor believes to be necessary for the purposes of the internal audit and will provide the Clerk or the Internal Auditor with any information or explanation that the Clerk or the Internal Auditor considers necessary for that purpose.

- 4.5. The Internal Auditor is appointed by the Council and will carry out the work requested by the Council in accordance with appropriate practices. The Internal Auditor, who will be competent and independent of the Council, will submit a regular written report to the Council, or in person, with at least one annual written report for each financial year. To demonstrate objectivity and independence, the Internal Auditor will have no conflicting interests and will have no connection with the Council's financial decision-making and management work.
- 4.6. The Clerk will make arrangements for the opportunity to inspect accounts, books and receipts and for displaying or publishing any notices and statements of accounts required by the Audit Commission Act 1998 and the Accounting and Audit Regulations.
- 4.7. The Clerk will, as soon as is practical, bring to the attention of each councillor any correspondence or reports from the Internal or External Auditor, unless the correspondence relates to a purely administrative matter only.

5. Banking and Cheque Arrangements

- 5.1. The Council's banking arrangements, including a Bank Mandate, will be made by the Clerk and should be approved by the Council. They should be reviewed regularly to ensure they are efficient.
- 5.2. A list of necessary payments, which will form part of the meeting Programme, will be prepared by the Clerk and, together with the necessary invoices, for submission to the Council. If the list is acceptable, it will be authorized by a decision by the Council and will be signed by the Chair of the meeting. If it is more suitable the details may be shown in the minutes of the meeting.
- 5.3. Checks drawn from the bank account in accordance with the list referred to in paragraph or in accordance with paragraph 6.4, will be signed by two members of the Council namely, the Chair, Vice-Chair and another who have been appointed.
- 5.4. To note that the details shown on the check or payment order match the stub and the invoice or similar paperwork, the Clerk will keep a copy of each cheque.

6. Payment of Accounts

- 6.1. All payments are made by cheque or other order drawn on the Council's bankers.
- 6.2. All invoices for payment will be examined, checked and confirmed by the Clerk. The Clerk will satisfy her/himself that the work, goods or services to which the invoice refers has been received, carried out, inspected and confirmed.
- 6.3. The Clerk will examine invoices for arithmetical accuracy and will analyse them under the appropriate expenditure heading. The Clerk will make every effort to pay

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all invoices presented seven days before the meeting, and which are acceptable, at the next meeting of the Council.

- 6.4. If a payment needs to be made to avoid paying interest under the Late Payment of Commercial Debts (Interest) Act 1998, and if the relevant date is before the next regular meeting of the Council, when the Clerk confirms that there is no dispute or reason otherwise to delay payment, the Clerk (notwithstanding paragraph 6.3) may take all necessary steps to pay such invoices provided a list of such payments is submitted to the next appropriate meeting of the Council.
- 6.5. The council will not keep any form of cash fund. All cash received must be banked as it is.
- 6.6. If the Council believes it is suitable, utility supplies (energy, telephone and water) may be paid for by various Direct Debits provided the instructions are signed by two members and any payments made are report to the Council. The confirmation to use Direct Debit is renewed by a decision of the Council at least once every two years.

7. Payment of Wages

- 7.1. As an employer, the Council will make arrangements to fully meet the statutory requirements placed on all employers by PAYE and National Insurance legislation. Wages are paid in accordance with payroll records and PAYE and National Insurance regulations in force at the time, and the wages agreed by the Council.
- 7.2. Wages and deductions from wages for tax, national insurance and pension contributions may be paid in accordance with payroll records and on the appropriate dates set out in employment contracts, provided that all payments are reported to and confirmed by the next meeting of the Council.

8. Loans and Investments

- 8.1. All loans and investments are negotiated in the name of the Council and will be for a specific period in accordance with the Council's policy.
- 8.2. The Council will consider the need for an Investment Policy which, if prepared, will be in accordance with relevant regulations, appropriate practices and guidelines. Any Policy is reviewed at least annually.
- 8.3. Any money invested under the control of the Council will be made in the name of the Council.
- 8.4. All loans are made in the name of the Council, after obtaining any necessary borrowing permission. Any request for loan permission will be confirmed by the Council in terms of its terms and purpose. Loan terms and conditions will be reviewed at least annually.
- 8.5. All certificates and other documents in this connection will be kept by the Clerk.

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9. Income

- 9.1.** It will be the Clerk's responsibility to collect and oversee all sums payable to the Council.
- 9.2.** Details of all payments made for work done, services provided, or goods supplied will be agreed annually by the Council, the Clerk will be informed of them and will be responsible for collecting all accounts payable to Council.
- 9.3.** The Council will review all fees and payments each year, following the Clerk's report.
- 9.4.** Information on any amounts deemed irrecoverable and any bad debts will be submitted to the Council and will be written off during the year
- 9.5.** All sums received on behalf of the Council will be banked as they are. In all situations, all payments are submitted to the Council's bankers at the frequency that is necessary in the Clerk's opinion.
- 9.6.** The origin of each receipt will be noted on the pay-in slip.
- 9.7.** Personal cheques will not be paid out of money paid on behalf of the Council.
- 9.8.** The Clerk will promptly complete any necessary VAT Report. Any claim for a refund due in accordance with the VAT Act 1994 section 33 is made at least annually to coincide with the end of the financial year.
- 9.9.** When the Council regularly receives significant amounts of cash, the Clerk will take whatever steps are agreed by the Council to ensure that more than one person is present when the money is counted for the first time, there is a system of reconciliation with some kind of control such as ticket numbers, and that appropriate care is taken in terms of the safety of individuals who bank such money.

10. Orders for work, goods and services

- 10.1.** An official order or letter is sent for all works, goods and services unless a formal contract is prepared, or an official order is unsuitable. Copies of orders are kept.
- 10.2.** Order books are managed by the Clerk
- 10.3.** All members and officers are responsible for getting value for money on all occasions. An official making an official order will take care as far as is reasonable and practicable to obtain the best possible terms for all transactions, usually by obtaining three or more quotations or price estimates from suppliers, subject on any de minimis provisions in Rule 11(1) below.
- 10.4.** The Clerk will confirm the legal nature of any prospective purchase before making any order, and for new or irregular purchases or payments, the Clerk will ensure that the statutory authority is reported to the meeting where the order is confirmed so that the Minutes may record the authority used.

11. Contracts

- 11.1.** The procedures for contracts are as follows:

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- 11.1.1. All contracts will comply with these Financial Regulations, and no exceptions will be made except in an emergency provided that these regulations will not apply to contracts relating to items (11.1.2) to (11.1.7) below:
 - 11.1.2. for the supply of gas, electricity, water, sewerage and telephone services.
 - 11.1.3. for specialist services of the kind provided by lawyers, accountants, surveyors and planning consultants
 - 11.1.4. for work carried out or materials supplied which include repairs to or parts for machinery or equipment
 - 11.1.5. for work carried out or materials supplied which form an extension to a contract already made by the Council
 - 11.1.6. for additional audit work by the external Auditor up to an approximate value of £250 (if the amount is more than this the Clerk will consult the Chair or Vice-Chair of the Council)
 - 11.1.7. for goods or materials intended to be purchased which are proprietary goods and/or if they are sold at set price only.
- 11.2.** When a contract is intended to the value of more than £1000 for the supply of goods or materials or for the performance of specialist work or services other than the goods, materials, work or specialist services which are excluded as set out in paragraph (a) the Clerk will invite tenders from at least three companies to be taken from the appropriate approved list.
 - 11.3.** When requests are made to drop Financial Regulations for contracts to ensure that a price may be agreed without competition, the reason will be included in a recommendation to the Council.
 - 11.4.** Any such invitation to tender will state the general nature of the proposed contract and the Clerk will arrange the necessary technical assistance to prepare a specification in relevant cases. The invitation will also state that some refer tenders to the Clerk by normal post. Each tendering company will be provided with an appropriately marked sealed envelope for placing the tender in, and it will remain sealed until the date agreed for the opening of tenders for that contract.
 - 11.5.** All sealed tenders will be opened at the same time on the date indicated by the Clerk in the presence of at least one member of the Council.
 - 11.6.** If fewer than three tenders are received for contracts over £1000 or if all tenders offer the same price the Council may make whatever arrangement it believes is suitable for procuring the goods or materials or carrying out the work .
 - 11.7.** When it is intended to make a contract worth less than £1000 for the supply of goods or materials or the performance of specialist work or services except for the exempted goods, materials, work or specialist services as set out in paragraph (a) the Clerk will arrange to have 3 quotations (priced descriptions of what is intended to be supplied). Normally, Rule 10(3) above will apply.
 - 11.8.** The Council will not have to accept the tender, quotation or lowest price estimate or of any other kind.

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12. Payments under contracts for construction work

- 12.1.** The amount in the contract will be paid on account within the period specified in the contract by the Clerk having received certified certificates for the architect or other consultants employed to supervise the contract (subject to any percentage to be retained back agreed in the contract in question).
- 12.2.** Where contracts provide for payment by instalments the Clerk will keep a record of each such payment. In any situation where it is assumed that the total cost of work to be done under a contract, excluding agreed variations, is 5% or more above the contract amount, a report will be submitted to the Council.
- 12.3.** Any variation to a contract or addition or omission from a contract must be confirmed by the Council and the Contractor in writing, and the Council must be informed when the final cost is likely to be higher than the financial provision was made.

13. Stores and equipment

- 13.1.** The officer in charge of each department will be responsible for looking after stores and equipment in that department.
- 13.2.** Delivery notes must be obtained for all goods received for storage or supplied in any other way and goods must be checked in terms of the order and their quality at the time the supply is made.
- 13.3.** Stocks are kept at the lowest acceptable levels compatible with operational requirements.
- 13.4.** The Clerk will be responsible for carrying out an occasional inspection of stocks and stores at least annually.

14. Assets, buildings and estates

- 14.1.** The Clerk will make suitable arrangements for the storage of all property deeds of all properties owned by the Council. The Clerk will ensure that a record is kept of every property owned by the Council, recording the location, size, plan, reference, details of purchase, nature of the benefit, tenancies granted, rents payable and their purpose in accordance with Regulations Accounting and Auditing.
- 14.2.** No property shall be sold, leased or disposed of in any other way without the authority of the Council, together with any other consents required by law, except where the value of any piece of tangible, movable property is not more than £50.
- 14.3.** The Clerk will ensure that a suitable and accurate Register of Assets and Investments is kept up to date. The fact that the tangible assets shown in the Register still exist will be confirmed at least annually.

15. Insurance

- 15.1.** Following the annual risk assessment (in accordance with Financial Rule 17), the Clerk will arrange all insurance and discuss all claims with the Council's insurers.

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- 15.2.** The Clerk will keep a record of all insurance arranged by the Council and of the property and risks guaranteed by it and will review it annually.
- 15.3.** The Clerk will be informed of any loss of liability or damage or of any event likely to lead to a claim and will inform the Council about them at the next meeting.
- 15.4.** All appropriate employees of the Council are included in suitable fidelity guarantee insurance which will guarantee the highest level of risk as determined by the Council.

16. Charities

- 16.1.** When the Council is the sole trustee of a charitable body the Clerk will see to it that separate accounts are kept of the money kept in charitable trusts and separate financial reports will be made in whatever form is suitable, in accordance with charity law and legislation, or as required by the Charity Commission. The Clerk will arrange any independent audit or inspection required by charity law or any Governing Document.

17. Risk management

- 17.1.** When considering any new activity, the Clerk will prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.
- 17.2.** The Council is responsible for making arrangements for risk management. The Clerk will prepare, for approval by the Council, risk management statements for all the Council's activity. Risk policy statements and the risk management arrangements that result from them are reviewed at least annually by the Council.

18. Financial Regulations Review

- 18.1.** It is the Council's duty to review the Council's Financial Regulations from time to time. The Clerk will make arrangements to monitor legislative changes or in appropriate practice and will inform the Council of any subsequent need to make a change to these Financial Regulations.

Reviewed and adopted on: 30 September 2024