

**Cyngor Tref Cydweli**

**Kidwelly Town Council**

# **Financial Regulations**

## **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. 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 financial control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.
- 1.2 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of the 'Public Audit (Wales) Act 2004' and then in force.
- 1.3 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability for local Councils in England and Wales – a Practitioners' Guide which is published jointly by One Voice Wales and SLCC and updated from time to time.
- 1.4 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The Town Clerk has been appointed as RFO for this council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.5 The RFO shall produce financial management information as required by the council, in the format that the Council will understand.
- 1.6 At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

## **2. ANNUAL ESTIMATES (BUDGET)**

- 2.1 The Council shall formulate proposals in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of November each year.
- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the council.
- 2.3 The Council shall review the budget not later than the end of November each year and shall fix the Precept to be levied for the ensuing financial year. The RFO and the chair of the meeting that approved the precept shall issue the precept to the

billing authority and the RFO shall supply each member with a copy of the approved budget

- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

### **3 BUDGETARY CONTROL**

- 3.1 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. 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 reserves as appropriate.
- 3.2 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at the end of each month.
- 3.3 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. Executive action forms to be completed and the Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.4 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the council.
- 3.5 No expenditure shall be incurred 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, or the requisite borrowing approval has been 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 The RFO shall complete the annual financial statements of the Council together with any additional information required to be included in the Council's return as soon as practicable after the end of the financial year and shall submit them and report thereon to the Finance Committee of the Council.
- 4.2 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.3 The RFO shall ensure that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal

Auditor requires, make available such documents of 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 be appointed by and shall carry out the work required by the council in accordance with proper practices. This shall be done annually. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report annually to Council in writing in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
- 4.5 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Wales Audit Office Act 2005 and the Accounts and Audit Regulations.
- 4.6 The RFO shall, as soon as practicable, bring to the attention of Full Council/ Finance Committee any correspondence or report from the Internal or External Auditor.
- 4.7 The value of the Mayor's Tranche and any expenses paid to councillors are to be published by 30<sup>th</sup> September, following the end of the financial year.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be reviewed annually for efficiency and cost effectiveness.
- 5.2 Cheques drawn or other payment orders on the bank account shall be signed by two of the following members of Council (Mayor, Deputy Mayor, Chair of Finance, Deputy Chair of Finance) The Town Clerk remains a signatory for administrative purposes but will not sign cheques or other payment orders unless other signatories are not available, but with Council's prior approval.

As and when cheque facilities are withdrawn, more use should be made of BACS/ Chaps payments. Consideration should also be given to the Council having a Debit/Credit Card.

- 5.3 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil. Relevant invoice numbers also to be added to cheque counterfoils.
- 5.4 The Mayor's Tranche shall be paid into Kidwelly Town Council's "Kidwelly Town Council Mayor's Charity Account", which shall be administered by the Mayor. Issuing of cheques shall be at the Mayor's discretion and only the Mayor's signature will be required.

Quarterly statements on usage of the account are to be submitted to the Town Clerk for perusal. At the end of the Mayoral year, all statements, receipts etc. are to be given to the Town Clerk for auditing purposes and reconciliation. This should be no later than 4 weeks after the end of the Mayoral term.

## **6**        **PAYMENT OF ACCOUNTS**

- 6.1        All documents for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.2        The RFO shall ensure that invoices are examined for arithmetical accuracy and are allocated to the appropriate expenditure heading. The Clerk/RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.3        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 there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) 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. This will appear on the payment schedule as Cheques raised.
- 6.4        Payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least every two years.
- 6.5        A schedule of the payments prepared by the Financial secretary will form part of the Agenda for each monthly Finance Meeting, and be presented to Council for approval. This will include petty cash monies. It shall be authorised by a resolution of the Council.

### **6.6**        **Petty Cash**

The RFO shall maintain a cash float to a limit of £500. Vouchers/receipts for payments made from petty cash shall be kept to substantiate the payment. ALL petty cash transactions to be shown separately in the monthly financial schedules of payment presented to Finance Committee.

## **7**        **PAYMENT OF SALARIES**

- 7.1        As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, all as agreed by Council.
- 7.2        Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment

contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

- 7.3 The finance secretary or person so authorised is to calculate wages using the payroll software, and to phone through to Telepay the amounts due. RFO to approve and sign **EACH** Telepay sheet as soon as practicable.
- 7.4 Staff salary shall be paid in accordance with contracts of employment.
- 7.5 The payment of all salaries and wages shall be made from the Ratings Account in accordance with payroll records.

## **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. Changes to loans and investments should be reported to the Finance Committee at the earliest opportunity.
- 8.2 The council shall consider the need for an Investment Policy which if considered necessary is drawn up, shall be in accordance with relevant regulations, proper practices and guidance. There shall be an annual review of the need for such a policy or the contents of the existing policy.
- 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 affected 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO, at the Council offices.
- 8.6 Where investments are under discussion, consideration shall be given to supporting Credit Unions

## **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 Any overdue rents shall be reported to the Council at the end of each quarter.
- 9.3 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.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council, any amount that requires write off, following all attempts to recover the sum due, must be confirmed as such by the Council.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO with such frequency as the RFO considers necessary.

- 9.6 The details 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. And must ensure that any repayment that is due is received in accordance with section 33 of the VAT Act 1994

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

- 10.1 An official order shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. All orders must be authorised by a person approved by the Council. Copies of orders shall be retained and be available for inspection as required
- 10.2 Order books shall be controlled by the RFO.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.
- 10.4 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 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 Clerk/ RFO shall act after consultation with the Mayor and Deputy 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 £5,000 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 Clerk 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. The Council must approve such requests before the work is commenced.
- (d) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk. 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.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
- (g) If less than three tenders are received for contracts above £10,000 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.
- (h) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders as necessary.
- (i) When it is to enter into a contract less than £10,000 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 Clerk/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £2,500 and above £250 the Clerk/RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (j) The Council shall not be obliged to accept the lowest or any tender, quote or estimate. The Council will seek the most economically advantageous tender, and take account of price and quality and any other factors including quality that are appropriate to ensure value for money is obtained.

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

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract.
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. 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 appropriate Committee of the Council.

- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing. The Council being informed where the final cost is likely to exceed the financial provision or the date of completion is later than originally scheduled, as soon as possible after such information has been received.

### **13 STORES AND EQUIPMENT**

- 13.1 The RFO shall be responsible for the care and custody of stores and equipment.
- 13.2 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.3 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

### **14 ASSETS, PROPERTIES AND ESTATES**

- 14.1 The Clerk 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 Accounts and Audit Regulations.
- 14.2 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.
- 14.3 The RFO shall ensure that an appropriate and accurate Register of non land Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually for final accounts purposes.

### **15 RISK MANAGEMENT**

- 15.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk / RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 15.2 When considering any new activity, the Clerk / RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

### **16 INSURANCE**

- 16.1 Following the annual risk assessment, the RFO shall affect all insurances considered appropriate and negotiate all claims on the Council's insurers.

- 16.2 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 16.3 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.
- 16.4 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 REVISION OF FINANCIAL REGULATIONS**

- 17.1 It shall be the duty of the Policy and Strategy Committee of Kidwelly Town Council to review the Financial Regulations of the Council every year. The Clerk / 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.

**Adopted by Council November 2009**

**Reviewed November 2010**  
**Reviewed January 2011**  
**Reviewed January 2012**  
**Reviewed March 2013**  
**Reviewed September 2014**  
**Reviewed September 2015**  
**Reviewed May 2016**  
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**Reviewed November 2018**