DYFFRYN CLYDACH COMMUNITY COUNCIL
CYNGOR CYMUNED DYFFRYN CLYDACH

Financial Regulations

Adopted:

04/03/2025

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1. GENERAL

1.1. The Financial Regulations govern the conduct of financial management by the Community Council and may only be amended or varied by resolution of the Council. Financial Regulations provide procedural guidance for the Members and Officers. Financial Regulations must be observed in conjunction with the Council's Standing Orders.

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 that facilitates the effective exercise of the Council's functions, including arrangements for the management of financial risk.

1.3. The Council's accounting control systems must include measures:

- For the timely production of accounts
- That provide for the safe and efficient safeguarding of public monies
- To prevent and detect inaccuracy and fraud; and
- Identify the duties of officers

1.4. The Financial Regulations demonstrate how the Council meets these responsibilities and requirements.

1.5. At least once a year, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.6. Deliberate or wilful breach of these Regulations by any employee may give rise to disciplinary proceedings.

1.7. Members of the Council are expected to follow the instructions within these Regulations and not to entice any employee to breach them. Failure to follow instruction 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 Clerk has been appointed as RFO for this Council and these regulations shall apply accordingly.

1.9. The Responsible Financial Officer:

- Acts under the policy direction of the Council
- Administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices
- Determines on behalf of the Council, its accounting records and accounting control systems
- Ensures the accounting control systems are observed
- Maintains the accounting records of the Council in accordance with proper practices.
- Assists the Council to ensure economic effectiveness in the use of its resources; and
- 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, statement of balances, and management information to be occasionally prepared for the Council.

1.11. The accounting records determined by the RFO shall contain:

- 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 account relate; and
- A record of the assets and liabilities of the Council

1.12. The accounting control systems determined by the RFO shall include:

- Procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible
- Procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records
- Procedures to ensure that uncollectable amounts, including any bad debts are submitted to the Council for approval to be written off and that the approvals are shown in the minutes of full Council and accounting records; and
- Measures to ensure financial risk is properly managed

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

- Setting the final budget or the precept (Council Tax Requirement).
- Approving accounting statements
- Approving an annual governance statement
- Borrowing
- Writing off bad debts
- Addressing recommendations in any report provided by the internal or external auditors shall be a matter for the full Council only

1.14. In addition, the Council must:

- Determine and keep under review the bank mandate for all Council bank accounts.
- Approve any grant in excess of £5,000, or single commitment of £5,000

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

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

2.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit (Wales) Regulations, appropriate guidance and proper practices.

2.2 On a regular basis, and at least on a quarterly basis, the Chairperson of Finance Committee shall verify bank reconciliations (for all accounts) produced by the RFO. The Member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall be reported to and noted by the Council's Finance Committee.

2.3 The RFO shall complete the Annual Statement of Accounts, Annual Report and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and, having certified the accounts, shall submit and report thereon to the Full Council within timescales set by the Accounts and Audit (Wales) Regulations.

2.4 The Council shall ensure the provision of 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, provide the internal or external auditor with requested information and explanation as the Council considers necessary for that purpose.

2.5 The internal auditor shall be appointed by full Council and shall undertake work in relation to internal controls required by the Council in accordance with proper practices.

2.6 The internal auditor shalll:

- Be competent and independent of the financial operations of the Council
- Report to Council in writing, or in person, with a minimum of one annual written report during each financial year
- To demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- Have no involvement in the financial decision making, management or control of the Council

2.7 Internal or external auditors shall not, under any circumstances:

- Perform any operational duties for the Council
- Initiate or approve any accounting transaction; or
- Direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

2.8 For the avoidance of doubt, in relation to internal audit the terms ‘independent’ and ‘independence’ shall have the same meaning as is described in proper practices.

2.9 The RFO shall make arrangements for the exercise of electors’ rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Public Audit (Wales) Act 2004, or any superseding legislation, and the Accounts and Audit (Wales) Regulations.

2.10 The RFO shall without undue delay, bring to the attention of all Councillors, any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET)

3.1 The RFO must each year, by no later than January, prepare detailed estimates of all income and expenditure 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 Council.

3.2 The Council shall consider annual budget proposals in relation to revenue and capital income and expenditure including recommendations for the use of reserves and sources of funding.

3.3 The Council shall fix the precept, 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.

3.4 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 revenue 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:

- The Full Council for all items over
- The Clerk & Chair for items between
- The Clerk, for any items below

Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2 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.

4.3 Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.

4.4 In cases of risk to the delivery of Council services, the RFO may authorise revenue expenditure on behalf of the Council which in the Clerk’s judgement is necessary to be undertaken. Such expenditure includes repairs, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1500.

4.5 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 necessary funds are available, and the requisite borrowing approval has been obtained.

4.6 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4.7 The RFO shall provide the Council with a report of receipts and payments to date under each heading of the budget, comparing actual expenditure to the planned budget. These statements are to be prepared by at least at the end of each financial quarter and shall show explanations of material variances of 15% of the budget.

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

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

5.1 The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council; banking arrangements may not be delegated to a committee.

5.2 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to Council. The Council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Council. The approved schedule shall be signed by two cheque signatories. A detailed list of all payments shall be presented at the meeting by the RFO during the meeting at which the payment was authorised. Personal payments including salaries, and any payment made in relation to the termination of a contract of employment would be summarised to remove public access to any personal information.

5.3 All invoices for payment shall be examined, verified and certified to confirm that the work, goods or services to which each invoice relates has been received or carried out.

5.4 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available Council meeting.

5.5 The RFO shall hold Delegated Authority to authorise payment of items only in the following circumstances:

- If a payment is necessary to avoid a charge for interest or late payment fees, or the due date for payment is before the next scheduled Meeting of Council, where the RFO can certify that there is no dispute or other reason to delay, provided that a list of such payments shall be submitted to the next appropriate meeting of Council

5.6 For each financial year the RFO shall draw up a list of 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 may authorise payment for the year. These items shall be approved as part of the Budget setting process.

5.7 In respect of grants the Council shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any Revenue or Capital Grant of a sum exceeding £5,000 shall, prior to payment, be subject to ratification by resolution of the Council.

5.8 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.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1 The Council shall make safe and efficient arrangements for the making of its payments.

6.2 Following authorisation under Financial Regulation 5 above, the Council or RFO if so delegated, shall give instruction that a payment is made.

6.3 All payments shall be affected by BACS, CHAPS, Direct Debit, Standing Order or other instructions to the Council's bankers, or otherwise in accordance with a resolution of Council.

6.4 If considered appropriate by Council, the payment for utility supplies (energy, telephone and water), annual contracts e.g software licences and any National Non-Domestic Rates may be made by variable direct debit.

6.5 If considered appropriate by Council, the payment for certain items may be made by BACS or CHAPS methods provided that the payment schedule for each of the payments are signed by the Chair and Clerk/RFO at the Council Meeting.

6.6 If considered appropriate by Council, the payment for certain items may be made by online banking transfer provided evidence is appropriately retained.

6.7 No employee or Councillor shall disclose any PIN or password relevant to the working of the Council or its bank accounts to any person.

6.8 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 offsite.

6.9 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.

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

Council shall identify a number of Councillors who may be authorised to approve transactions on those accounts.

6.11 Access to any internet banking accounts shall be directly via the access page (which may be saved under “favourites”), and not through email links.

6.12 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by the authority for change signed by the RFO.

6.13 Any Debit Card/ Credit Card/Fuel Card issued for staff use shall be specifically restricted to organisational requirements. These cards shall be restricted to a single transaction maximum value of £1,000.

6.14 A pre-paid debit card may be issued to employees with varying limits. These limits shall be set by the Council. Transactions and purchases made shall be reported to the Council and authority for topping up funds shall be at the discretion of the Council.

7. PAYMENT OF SALARIES

7.1 As an employer, the Council shall make arrangements to fully meet 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 in line with current rules of PAYE and National Insurance currently operating, and salary rates shall be paid in accordance with National Agreements and any additional payments agreed by the Council.

7.2 Payments of salaries and/or deductions from a salary as may be required regarding tax, national insurance, 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.

7.3 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.

7.4 All payments to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions, shall be recorded in a separate, confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

a) by the internal auditor
b) by the external auditor
c) by any person authorised under Audit Commission Act 1998 or any superseding legislation.

7.5 The total of payments in each calendar quarter shall be reported with all other payments in the Quarterly Budget Report, to ensure that only payments due for the period have actually been paid.

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

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

8.2 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.

8.3 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.

8.4 The Council shall produce an Investment Strategy which shall be in accordance with relevant regulations, proper practices and guidance. Any Investment Strategy shall be reviewed by the Council annually.

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

8.6 All investment certificates and other relative documents shall be retained in the custody of the RFO.

8.7 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).

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9. INCOME

9.1 The collection of all sums due to the Council shall be under the supervision of the RFO.

9.2 The Council shall review all fees and charges on a minimum of an annual basis.

9.3 Any sums found to be irrecoverable and/or any bad debts, shall be reported to the Council where a resolution shall be made to write off at the end of the financial year or when deemed appropriate.

9.4 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 at a frequency considered appropriate by the RFO.

9.5 Personal cheques shall not be cashed from monies held on behalf of the Council.

9.6 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 quarterly, coinciding with the financial year end.

9.7 Where any significant sums of cash are regularly received by the Council, the RFO shall ensure that there is a reconciliation to some form of control such as ticket issues or receipts and that appropriate care is taken in the security and safety of individuals in banking such cash.

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10. PROCUREMENT

10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.

10.2 Order books shall be controlled by the RFO.

10.3 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure 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 as stated in Regulation 11.1.

10.4 A member may not issue an official order or make any contract on behalf of the Council.

10.5 When it is necessary to place an order for goods, materials, work or services and the cost is likely to be less than £1,500, the RFO shall be expected to satisfy themself that the best available terms are obtained as far as is reasonable and practicable. The underlying means of achieving this shall be to obtain three (3) verbal estimates beforehand and, unless there are special circumstances, accepting the lowest of these.

10.6 If the RFO feels that they are able to obtain better terms and conditions or a better price by conducting negotiations, they should contact the Chairperson of the Finance Committee to obtain approval to carry out the necessary negotiations on the Council's behalf.

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. This regulation need not apply to contracts which relate to the items 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.

iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant.

iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.

v. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

b) The full requirements of The Public Contracts Regulations 2015 ("the Regulations"), as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in the Regulations set by the Public Directive 2014/24/EU (which may change from time to time)

c) The Council can waive financial regulations relating to contracts to enable a price to be negotiated without competition if they feel it is appropriate. This shall be recorded in the Minutes

d) An 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 in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract

e) All 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

f) Any invitation to tender issued under this regulation shall be subject to the Council's Standing Orders and shall refer to the terms of the Bribery Act 2010

g) When it is to enter into a contract expected to be in value of more than £10,000 for the supply of goods or materials, or for the execution of works or specialist services other than such goods, materials, works or specialist as set out in paragraph 11a(i – v) the RFO shall obtain 3 quotations, where the value is below £3,000 the RFO shall strive to obtain 3 estimates.

h) 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.

i) When the Council expects a contract to exceed £1,500 but be 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 set out in paragraph (a), the RFO/Clerk shall obtain 3 written quotations. The RFO is authorised to open these tenders/quotations. The Clerk and Chair can authorise the payment. If the value is less than £1,500, Regulation 10(5) shall be followed.

j) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

k) Should it occur that the Council does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

11.2 The Clerk shall maintain a register of personal interests, in respect of members.

a) Members should not, so far as is practicable, be involved in the award of orders and/or contracts with organisations or individuals in respect of which a personal interest exists, whether declared or not.

b) Members 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.

c) The RFO should keep a completed register of personal interests on file.

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, shall exceed the contract sum of 5% or more a report shall be submitted to 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.

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13. STORES AND EQUIPMENT

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

13.2 Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.

13.4 The Health & Safety Officer shall be responsible for periodic checks of stocks and stores at least annually.

14. ASSETS, PROPERTIES AND ESTATES

14.1 The RFO shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the Council.

14.2 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.

14.3 No real property (interests in land) shall be 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 shall be provided in respect of valuation and surveyed condition of the property if requested by the Council.

14.4 No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a report shall be provided in respect of valuation and surveyed condition of the property if requested by the Council.

14.5 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.

15. INSURANCE

15.1 In accordance with the annual risk assessment (per Financial Regulation 17), the Clerk shall affect all insurances and negotiate all claims on the Council's insurers.

15.2 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

15.3 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.

15.4 The RFO shall be notified of any loss liability or damage or any event likely to lead to a claim. Insurance Claims should be reported to the Members at the next available meeting.

16. RISK MANAGEMENT

16.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the Council, a Policy Risk Schedule in respect of all activities of the Council. The Policy Risk Schedule shall be reviewed by the Council annually.

16.2 When considering any new activity, the RFO/Clerk and relevant officer shall prepare a risk assessment including risk management proposals.

17. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. 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.

17.2 The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded, and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.