

CAERPHILLY 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 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. [The 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.

1.3 The RFO shall produce financial management information as required by the Council.

1.4 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.

1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 as then in force.

1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in Local Councils in England and Wales - a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

2. ANNUAL ESTIMATES (BUDGET)

2.1 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.

2.2 The Council shall review the budget not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

2.3 The annual budgets shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.

3.2 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 a earmarked reserve as appropriate.

3.3 The RFO shall provide the Council with a statement of receipts and payments under each head of the budgets, comparing actual expenditure against that planned as shown in the budget.

3.4 The Clerk with the consent of the Town Mayor 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 £500. The Clerk shall report the action to the Council as soon as practicable thereafter.

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.

3.7 The RFO will have delegated powers to make routine payments on behalf of the Council.

4. ACCOUNTING AND AUDIT

4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

4.2 The RFO shall complete the annual financial statements of the Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

4.3 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.

4.4 The RFO shall ensure that there is 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.

4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council/Clerk in writing, or in person, 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.

4.6 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 Audit Commission Act 1998 and the Accounts and Audit Regulations.

4.7 The Town Clerk/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, including the Bank Mandate, shall be made by the Town Clerk/RFO and approved by the Council. The Council will operate a Business Online Banking facility. Banking arrangements will be regularly reviewed for efficiency.

5.2 A schedule of the payments made forming part of the Agenda for the Meeting shall, be prepared by the Town Clerk/RFO and, be presented to the Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairperson of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.

5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed by two of the three cheque signatories.

5.4 Business Online Banking transactions will be authorised by the Town Clerk/RFO and any other user authorised by the Council and such transactions will be included in the schedule referred to in paragraph 5.2.

5.5 Business Debit Card transactions will be authorised by the Town Clerk/RFO and any other user authorised by the Council, and such transactions will be included in the schedule referred to in paragraph 5.2.

5.6 The appointment of Bankers, cheque signatories and authorised users for online banking and debit card will be reaffirmed at the AGM.

6. PAYMENT OF ACCOUNTS

6.1 All payments shall be effected by cheque, debit card, order drawn on the Council's bankers, or by internet banking transactions.

6.2 All invoices 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.

6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted and report payments to the next Council Meeting.

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, and salaries shall be 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, will be made in accordance with the payroll records and on the appropriate dates stipulated, provided that each payment is reported to and ratified by the next available Council Meeting.

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 shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any policy shall be reviewed 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. 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.

9. INCOME

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

9.2 Particulars of all 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 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.

9.4 The origin of each receipt shall be entered on the paying-in slip.

9.5 Personal cheques shall not be cashed out of money 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 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 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.

11. CONTRACTS

a) Every contract whether made by the Council or by a Committee or Sub - Committee to which the power of making contracts has been delegated shall comply with the following, and no exception from any of the following provisions shall be made otherwise than by direction of the Council, or in an emergency by such a Committee as aforesaid provided that these provisions shall not apply to contracts which relate to item (i) to (vii) 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 goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (vi) for the supply of goods and services when it is possible to utilise the lowest tender agreed by another local authority.
- (vii) for the extension of work/services by an existing supplier.

b) Where it is intended to enter into a contract:

- (i) exceeding £2,000 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.

- (ii) for expenditure of £2,000 or less in value, the Mayor or the Chairman of the Committee or the appointed deputy together with the Clerk shall have executive powers.
- c) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated with competition the reason shall be embodied in a recommendation to the Council.
 - d) Every exception made by a Committee or Sub - Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.
 - e) 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 and the last date by which such tenders should reach 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.
 - 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 valued above £2,000 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) The Council shall not be obliged to accept the lowest or any tender.

12. ASSETS

12.1 The RFO shall ensure that an appropriate and accurate Register of Assets and investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

13. INSURANCE

13.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.

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

13.3 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.

13.4 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.

14. RISK MANAGEMENT

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

14.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

15. REVISION OF FINANCIAL REGULATIONS.

15.1 It shall be the duty of the Council to reviews the Financial Regulations of the Council from time to time. The clerk 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.

Amended September 2017 to incorporate internet banking.

Amended February 2018 to incorporate debit card.