**Caerphilly Town Council**

**Financial Regulations**

**1 Definitions**

Meaning to the terms applied in these financial regulations:

“financial regulations” are these Financial Regulations as adopted by the Town Council

“clerk” is the Town Clerk

“RFO” stands for Responsible Financial Officer

“RFO” is the Town Clerk (Caerphilly Town Council has appointed the Town Clerk to fulfil the role of RFO in addition to the statutory role as the Proper Officer).

“proper officer” is the Town Clerk (The Town Clerk is responsible in law for the administration of the Town Council, and can act on behalf of the Town Council under delegated authority).

“council” is the Caerphilly Town Council

“Mayor” is Town Mayor

“member” is an elected Town Councillor

“internal auditor” an independent and competent person appointed by the Town Council

“external auditor” is Audit Wales, or body appointed on behalf of the Auditor General for Wales

**2 General**

2.1 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.

2.2 The Responsible Financial Officer (RFO) is a statutory officer and shall be appointed by the council. The clerk has been appointed as RFO for the council and these financial regulations apply accordingly.

2.3 The RFO will:

* Act under the policy direction of the council
* Administer the council’s financial affairs in accordance with legislation, Regulations, and proper practices
* Determine on behalf of the council its accounting records and accounting control systems
* Ensure the accounting control systems are observed
* Maintain the accounting records of the council up to date in accordance with proper practices
* Assist the council to secure economy, efficiency and effectiveness in the use of its resources
* Produce financial management information as required by the council

2.4 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 as possible
* Procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records
* Where appropriate identification of the duties of officers dealing with financial transactions
* Measures to ensure that financial risk is properly managed

2.5 The council is responsible for:

* Setting the budget and determining the precept
* Approving the accounting statements
* Approving the annual governance statement
* Approving any borrowing
* Declaring eligibility for the General Power of Well Being
* Addressing recommendations in any report from the internal or external auditors
* Appointing employees, approving salary grades, terms and conditions
* Approving any annual pay award to employees

2.6 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 as evidenced through the internal audit which shall be in accordance with proper practices.

2.7 References to Audit Regulations shall mean the Accounts and Audit (Wales) Regulations 2014 issued under the provisions of the Public Audit (Wales) Act 2004 and supplemented by the Auditor General for Wales Code of Practice.

2.8 The term “proper practice” or “proper practices” shall refer to guidance issued in The Finance and Governance Toolkit for Community and Town Councils in Wales published jointly by One Voice Wales, Society of Local Council Clerks (SLCC) and Welsh Government in June 2022 and as updated from time to time.

**3 Accounting and Audit**

3.1 At any time the council may instigate a selection of accounts for investigation and verification of invoices and bank reconciliations. The council may appoint a panel of members to review the financial records and the audit trail on nominated transactions and report issues to the council. The council shall determine any appropriate action in response to issues identified.

3.2 The RFO shall complete the annual statement of accounts, annual governance report and any related documents specified by the external auditor as soon as practicable after the end of the financial year and having certified the accounts shall submit them to the council for approval within the timescales set by the Audit Regulations and as directed by the external auditor.

3.3 The internal auditor shall be appointed by the council and shall be independent of the council free from any actual or perceived conflicts of interest including any relationships with members of the council.

3.4 The council will make available such documents as required by the internal auditor for the purpose of the internal audit.

3.5 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 display or publish any notices and statements of account required by Public Audit (Wales) Act 2004, or any superseding legislation, and the Audit Regulations.

3.6 The RFO shall, without undue delay, bring to the attention of all members any correspondence or report from the internal or external auditor.

**4 Annual Estimates (Budget)**

4.1 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.

4.2 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.

4.3 The approved annual budget shall form the basis of financial control for the ensuing year.

**5 Budgetary Control**

5.1 Expenditure on revenue items may be incurred up to amounts included for that class of expenditure in the approved budget. Authority is delegated to the clerk to incur expenditure within approved budgets with payments being reported to the next available council meeting, subject to financial regulation 11 applying to items in excess of £5000.

5.2 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 reserves, and the virement recorded in the council minutes.

5.3 The RFO shall provide the council with quarterly monitoring reports comparing actual expenditure against the approved annual budget estimates.

5.4 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 urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1000. The clerk shall report the action to the council as soon as practicable thereafter.

5.5 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure unless the council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.

5.6 All capital projects shall be administered in accordance with the financial regulations relating to contracts.

5.7 Changes to operational and restricted reserves shall be approved by council as appropriate as part of the budgetary control process.

**6 Banking Arrangements and Payment of Accounts**

6.1 Banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council. The council will operate a Business Online banking facility. Banking arrangements will be periodically reviewed for efficiency.

6.2 All payments will be made by cheque, debit card, order drawn on the council’s bankers, or by internet banking transactions.

6.3 All invoices for payment shall be checked for arithmetical accuracy, verified and certified to confirm that the work, goods, or services to which each invoice relates has been received or carried out and prompt payment made under the delegated authority to the clerk, and the payment shall be reported to the next available council meeting.

6.4 A schedule of payments made shall be prepared by the RFO and presented to the council for retrospective confirmation and recorded in the minutes. Where queries are raised on any individual payment this will be noted in the minutes and if appropriate referred to the select account procedure for further examination by members appointed by the council.

6.5 Cheques drawn on the bank account and reported with the schedule of payments shall be signed by two of the three cheque signatories.

6.6 Business Online banking transactions will be authorised by the clerk, and any other user authorised by the council, and such transactions will be recorded in the schedule of payments.

6.7 Business Debit Card transactions will be authorised by the clerk, and any other user authorised by the council, and such transactions will be recorded in the schedule of payments.

6.8 The council will not maintain any form of cash float. Any cash received (eg street collection for Mayor’s charities) will be counted, checked and banked as soon as practical. Any legitimate incidental purchases made by officers or members with cash will be reimbursed on production of receipts either by cheque or internet bank transfer.

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

**7 Payment of Salaries**

7.1 As an employer the council shall make arrangements to 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 the currently operating rules for PAYE and National Insurance, and salaries shall be as approved by the 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 payroll records and on the appropriate pay dates, and that each payment is included within the next available schedule of payments reported to council for confirmation.

7.3 No changes shall be made to any employee’s pay, terms and conditions of employment without the prior approval of the council.

**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 as determined by the council.

8.2 Depending on circumstances the council will if appropriate approve an Investment Policy prepared in accordance with relevant regulations, proper practices and guidance, and such policy will be reviewed annually.

8.3 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 the council as to terms and purpose. All borrowings shall be subject to annual review.

8.4 All investment certificates and other documents relating thereto shall be securely retained by 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 and the RFO shall be responsible for the collections of all amounts due to the council.

9.3 All receipts received by the council shall be banked as soon as practical by the RFO and the origin of each receipt shall be entered on the paying in slip.

9.4 The RFO shall promptly complete any VAT return that is required. The VAT126 refund claim shall be made annually coinciding with the financial year end.

**10 Orders for Work, Goods, and Services**

10.1 An official order, letter, or email shall be issued for all work, goods, and services, unless a formal contract is to be prepared, and will be confirmation of the council’s commitment to proceed. File copies shall be retained for future reference.

10.2 All members and officers are responsible for obtaining value for money at all times. The clerk 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 overriding exceptions as set out in financial regulation 11.

10.3 An individual member may not issue an official order or make any commitment in respect of the award of a contract on behalf of the council.

**11 Contracts**

11.1 Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency and provided that this regulation need not apply to contracts which relate to the following items:

 (i) for the supply of gas, electricity, water, sewerage and telephone services

(ii) for specialist services such as 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

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

(vi) for the extension of work / services by an existing supplier

Any contract extension relating to (iv) and (vi) shall apply on not more than two occasions and not exceed the value of the original purchase plus 10%.

11.2 Where it is intended to enter into a contract exceeding £5000 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 in paragraph 11.1 above, the clerk shall invite tenders from at least three firms.

11.3 The council shall appoint a Procurement Advisory Panel with responsibility to evaluate tenders and make a recommendation to the council. The award of contracts exceeding £5000 is reserved to the council.

11.4 Items of expenditure less than £5000 are delegated to the clerk subject to an approved budget provision. Where the value is below £5000 and above £250 the clerk shall strive to obtain three quotations, or estimates. Less than £250 quotations are not required but the clerk should endeavour to obtain best prices.

11.5 The requirements of the Public Contracts Regulations 2015 will apply in circumstances where the threshold is exceeded (currently the threshold for public supply and public service contracts is £164,176)

11.6 When there is a proposal to suspend financial regulations relating to contracts to enable a price to be negotiated without competition the reasons shall be set out in a report to the council.

11.7 An invitation to tender (exceeding £5000) 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 the post. Each tender document shall specify the information required and outline the evaluation process.

11.8 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 the council. The member shall be required to evidence presence at the tender opening by signature on the documents received.

11.9 If less than three tenders are received for contracts valued at exceeding £5000, or if all the tenders are identical (if based solely on price) the council may make such arrangements as it thinks for the procuring the goods or materials or executing the works.

11.10 The council shall not be obliged to accept the lowest or any tender, quotation, or estimate.

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

**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, and if appropriate in conjunction with a health and safety inspection of the assets.

12.2 No tangible moveable property shall be disposed of without the authority of the council except where the estimated value of any one item does not exceed £250.

12.3 No buildings or land shall be purchased or acquired without the authority of the council. In each case a report shall be provided to the council in respect of valuation and surveyed condition of the building or land including planning permissions and covenants together with a business case.

**13 Insurance**

13.1 The RFO shall effect all insurances, including employers liability and public liability, and negotiate all claims against the council’s insurers.

13.2 The RFO shall keep a record of all insurances effected by the council and the property and other risks covered and review the annual premium(s) to ensure they are competitive.

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 the insurer and to the 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. The clerk will maintain a risk register that shall be reviewed annually by the council.

14.2 When considering any new activity the clerk shall prepare a draft risk assessment including risk mitigation proposals for consideration and adoption by the council.

**15 Suspension of Financial Regulations**

15.1 The council may, by resolution of the council, suspend any part of these financial regulations provided that reasons for the suspension are recorded in the minutes and members are fully aware of any risks arising.

**16 Revision of Financial Regulations**

16.1 It shall be the duty of the council to review the financial regulations periodically. The clerk shall make arrangements to monitor changes in legislation or proper practices and having regard to any reports from the internal or external auditor shall advise the council of any requirement for a consequential amendment to these financial regulations.

First adopted 2011

Amended September 2017 to incorporate internet banking

Amended February 2018 to incorporate debit card

Comprehensively revised and updated, and adopted September 2023