



ITEM 12
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CYNGOR CYMUNED PENARLAG
HAWARDEN COMMUNITY COUNCIL
FINANCIAL REGULATIONS
(Updated MAY 2017)

GENERAL

1. These Financial Regulations are made in accordance with the requirements of the Accounts and Audit (Wales) Regulations issued under the provision of section 39 of the Public Audit (Wales) Act 2004. These Financial Regulations shall govern the conduct of the financial transactions of the **Hawarden** Community Council (hereinafter referred to as "the Council") and may only be amended or varied by resolution of the Council. They should be read in conjunction with the Council's Standing Orders.
2. The Council's properly appointed Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs.
3. The RFO shall undertake his/her duties and responsibilities as such in accordance with the terms set out in the resolution of the Council appointing him/her and shall otherwise be responsible for the production of financial management information.

ANNUAL ESTIMATES

4. [Deleted first part of sentence relating to legislation as it is covered in 1 above?]. Detailed estimates of income and expenditure on revenue services and receipts and payments on capital account shall be prepared each year by the RFO for submission to the Council not later than the end of February in each financial year and he/she shall recommend the Precept to be levied for the ensuing financial year. Following their consideration and amendment, if required, by Council, the RFO shall supply each Member of the Council with a copy of the approved estimates.

BUDGETARY CONTROL

5. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year during which the RFO shall be authorised to approve the virement of money between heads of accounts therein as deemed necessary or desirable.

6. Expenditure may only be incurred up to the amounts included in each approved head of account in the revenue budget, unless appropriate virements have been authorised by the RFO who shall report such virements to the Council.
7. Inclusion of provision for a particular purpose in the annual revenue budget shall not be construed as authorising expenditure thereof. A specific approval to such expenditure shall be required to be given by resolution of the Council or a documented decision made under properly delegated powers for any item of revenue expenditure incurred, other than in respect of the day to day expenditure incurred in administering the affairs of the Council.
8. Notwithstanding the terms of Regulation 7 above, the Clerk/RFO (in consultation with the Chair and Vice-Chair of the Council), or in their absence, any two Members of the Council), may incur expenditure on behalf of the Council, which is necessary to carry out any repair, replacement or whether or not there is any budgetary provision for the expenditure, subject to a limit of £500 (or such other sum as may be approved by the Council from time to time). The Clerk shall report to the Council any action thus taken as soon as practicable thereafter.
9. Where expenditure is incurred in accordance with Regulation 8 above and the sum required cannot be met from saving made elsewhere within the Council's approved budget, it shall be met from the Council's reserves or, if no such reserves are available, it shall subject to the provision of a supplementary estimate approved by the Council.
10. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
11. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
12. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.
13. The RFO shall present to the Council, at regular intervals three times per year, financial statements showing actual income and expenditure against the planned budget.
14. The RFO shall carry out a bank reconciliation for each of the Council's accounts on a monthly basis throughout the financial year and shall report to the Council thereon on a monthly basis. [current regulations state "at regular intervals throughout the financial year and report to Council on a quarterly basis]

ACCOUNTING AND AUDIT

15. All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit (Wales) Regulations [deleted "or Regulations amending or superseding such Regulations].
16. The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Council accordingly.

17. The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations, in accordance with the requirements of Regulation 5 of the Accounts and Audit Regulations 1996. Any Member of the Council shall, if the RFO so requires, make available such documents of the Council relating to his/her accounting and other records as appear to the RFO to be necessary for the purpose of that audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

BANKING ARRANGEMENTS AND ~~CHEQUES~~ AND PAYMENT OF ACCOUNTS (COMBINE THESE TWO SECTIONS)

18. The Council's banking arrangements shall be made by the RFO and approved by the Council. Two current accounts shall be maintained at the bank, a general account and a high interest account.
19. A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices, vouchers etc., presented to the Council. If the schedule is in order, it shall be authorised by a resolution of the Council.
20. Cheques on the general account shall be signed by any two Members of the Council. All signatories shall, in addition to signing such cheques, append their initials on the counterfoils thereto for the purpose of certifying that the respective cheques and counterfoils are in agreement. Such signatories shall also satisfy themselves from the supporting paperwork that the amounts of such cheques equate to the amounts due for payment. Cheques shall additionally be countersigned by the RFO so as to enable that officer to be in a position to ensure no payments are made that are not properly authorised by or on behalf of the Council and by statute, having regard to the overriding responsibility in that respect vested in that officer, and so as to enable him/her to have adequate status on behalf of the Council in dealings with its bankers. A bank mandate shall be arranged accordingly by the RFO.
21. The Council will begin to operate a business Debit Card as part of a move to modernise office practices with effect from 15th May 2017. The RFO has been issued with a Business Debit Card for on-line payments or telephone payments when goods are sourced from companies who no longer accept cheques. All "on-line" transactions will be referenced, printed, included in the monthly List of Payments and signed by the Chair of the Finance Committee as is the current practice with cheques. (The Senior Maintenance Officer and Administrative Assistant have also been issued with Debit Cards for use in the absence of the RFO within the office or, when the Maintenance Team require specialist equipment or services outside of the office for example, car servicing, MOTs, vehicle parts etc.) This will be strictly monitored via the RFO and via the monthly list of payments and bank reconciliations.
22. The Council will also begin to use on-line banking for monitoring account balances, transfers between accounts and payment of invoices. As in 20 and 21 above the transactions will be referenced, printed off, included in the monthly List of Payments and signed by the Chair of Finance at Committee.

23. The RFO shall be authorised to transfer money from the Council's general account to the high interest account, and vice versa, as he/she deems appropriate from time to time.
24. The RFO shall have delegated authority to authorise a payment if necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998 and the due date for payment is before the next scheduled meeting of the Council, where the RFO certifies that there is no dispute or other reason to delay payments, provided that a list of such payment(s) is included in the schedule of payments to the next appropriate meeting of the Council.

PAYMENT OF ACCOUNTS Merged with section above.

25. Apart from petty cash payments, all payments shall be effected by cheque ~~or other order drawn on the Council's bankers~~, Direct Debit, Debit Card or on-line payments (as referenced in paras 19 to 23 above).
26. All invoices for payment shall be examined, verified and certified by the RFO. Before certifying an invoice, the RFO shall satisfy himself/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
27. The RFO shall examine invoices in relation to arithmetical accuracy and shall code them to the appropriate expenditure head. He/she shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipts, subject to there being an available meeting during that period at which they may be approved for payment by the Council and, should there be no such available meeting thereof, without unreasonable delay following the next meeting of the Council.
28. All duly certified invoices shall be entered on the schedule referred to in paragraph 19 above.
29. The Council shall provide the RFO with an appropriate sum of petty cash for the purpose of defraying operational and other expenses (postage etc.). The RFO shall keep a record of petty cash received and the payments made therefrom.
30. Income received shall not be paid into the petty cash float but banked without undue delay by the RFO (or the Administrative Assistant on behalf of the RFO).
31. Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Council under paragraph 19 above.

PAYMENT OF SALARIES

32. The salary of the Clerk and Responsible Financial Officer, and previously approved allowances etc., shall be paid by the Council by cheque, which shall be shown on the schedule of the payment of money presented to the Council under paragraph 19 above, included within the payment to Hawarden Community Council. Via BACS Transfer (or cheque in the case of allowances) and included within the monthly list of payments for approval.
33. Salaries and any allowances to other members of Council staff will be paid in the same way.

34. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

LOANS AND INVESTMENTS

35. All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period of time in accordance with Council policy. Changes to loans and investments shall be reported to the Council at the earliest opportunity.
36. All investments of money under the control of the Council shall be in the name of the Council.
37. All borrowings shall be effected in the name of the Council.
38. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO, unless otherwise determined by the Council.

INCOME

39. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
40. Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO who shall be ultimately responsible for the collection of all accounts due to the Council.
41. The Council will review all fees and charges annually, following submission of a report thereon by the Clerk/RFO.
42. Any bad debts shall be reported by the RFO to the Council.
43. All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked 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.
44. A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
45. Personal cheques shall not be cashed out of money held on behalf of the Council.

ORDERS FOR WORKS, GOODS AND SERVICES

46. An official order, letter, or email confirmation, shall be issued by the RFO (or Administration Assistant on behalf of the RFO) for all work, goods and services, unless a formal contract is to be prepared or an official order would be inappropriate (e.g. petty cash purchases etc). Copies of orders issued shall be maintained.

47. Order books shall be controlled by the RFO.
48. The Clerk/RFO shall be responsible for obtaining best value for money at all times. He/She shall ensure, as far as reasonably practicable, that the best available terms are obtained in respect of each transaction.

CONTRACTS

49. Procedures as to the letting of contracts are as laid down in the Council's Standing Orders relating thereto.
50. Where contracts provide for payment by instalments, the RFO shall maintain a record of all such payments. In any case when it is estimated that the total costs of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more, a report shall be submitted to the Council.
51. Any variation to a contract or addition to or omission from a contract shall be approved by the RFO in writing, the Council being informed where the final cost is likely to exceed the financial provision made therefor.

STORES AND EQUIPMENT

52. Delivery notes shall be obtained in respect of all goods received into store and, as far as practicable; goods shall be checked as regard quality at the time delivery is made.
53. Stocks shall generally be maintained at the minimum levels consistent with operational requirements.

PROPERTIES AND ESTATES

54. 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, play, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held, in accordance with the requirements of Regulation 4 (3)(b) of the Accounts and Audit (Wales) Regulations, 1996 or the equivalent requirements contained in succeeding Regulations.
55. No property shall be sold, leased or otherwise disposed of without the authority of the Council.

INSURANCE

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

57. The RFO shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
58. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
59. The RFO shall be notified of any loss, liability or damage or of any event likely to lead to a claim.
60. All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

REVISION OF FINANCIAL REGULATIONS

61. It shall be the duty of the Council to review its Financial Regulations from time to time and to make such revisions thereto as may be considered desirable.

Hawarden Community Council

FINANCE COMMITTEE

POLICY FOR DEALING WITH EXPENDITURE

- Goods should be acquired by Official Order wherever possible, having regard to the Council's Financial Regulations.
- Payment should be made on a monthly basis following approval of the Finance Committee, to which a list of payments should be submitted. List to be produced by Administrative Staff.
- Payments must only be made on receipt of Invoice *unless goods are purchased on-line via a reputable supplier in which case written email confirmation must be obtained. Copies of on-line orders will be added to the monthly list of payments for authorisation as above.*
- Whenever possible, Order Acknowledgement/Delivery Note should be attached to Invoice and Payment Voucher.
- *Payment Vouchers should accompany all transactions and will include the detail of goods purchased and identify separately the net, VAT and gross amounts together with a transaction number. All other relevant details including the cheque number, order number or appropriate reference number in the event of on-line payments or Debit Card payments will be included on the Voucher.*
- Cheques should be signed by two authorised Members and the Clerk & Financial Officer. Cheque stubs should be initialled by Members.
- *On-line payments will be included in the monthly list of payments and signed by two authorised Members and the Clerk and Financial Officer. On-line payments may be authorised retrospectively subject to them not exceeding the value of £500 as per the Council's Financial Regulations No. 8.*
- Chairman of Finance Committee should sign transactions list and individual Payment Vouchers.
- Payments should be recorded by Clerk & Financial Officer, detailing transaction No., cheque No/transaction No., payee, reasons for payment, net, vat and gross amounts and date of payment.

- Paid invoices should be kept in a lever arch file, filed in transaction order, within month of payment.
- Copy of signed transaction list should be included with Minutes of Finance Committee and submitted to next Meeting.
- Unusual/significant payments should have appropriate expenditure power recorded.
- *Direct Debits should be established for the various utilities services i.e. British Telecom with the details verified via the monthly list of payments and/or bank reconciliations.*