

BROUGHTON COMMUNITY COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 13 March 2024 .

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. Financial regulations are one of the Council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Council's standing orders and any individual financial regulations relating to contracts.

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 which facilitates the effective exercise of the Council's functions, including arrangements for the management of 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 money.
- to prevent and detect inaccuracy and fraud; and
- identifying the duties of officers.

1.4 These financial regulations demonstrate how the Council meets these responsibilities and requirements.

1.5 At least once a year, prior to approving the Annual Governance Statement, 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 an employee may give rise to disciplinary proceedings.

1.7 Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions 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 the statutory office to be appointed by the Council. (The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly).

1.9 The RFO :

- 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 up to date in accordance with proper practices.
- assists the Council to secure economy, efficiency and 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 and statement of balances, or record of receipts and payments comply with the Accounts and Audit (Wales) Regulations and to prepare additional or management information, as the case may be, to be prepared for the Council from time to time.

1.11 The accounting records determined by the RFO shall in particular 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 or receipts and payments account relate.
- a record of the assets and liabilities of the Council; and
- wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

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.
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.

- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records : and
- Measures to ensure that 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.
- auditors,

These shall be a matter for the full Council only.

1.14 In addition the Council must:

- determine and keep under regular review the bank mandate for all Council bank accounts.
- approve any grant or a single commitment in excess of **£2,000**; and

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.

2.1 At each Full Council meeting the RFO shall provide a list of payments to be made, requesting authorisation. The total amount of such payments will be shown on the sheet and authorised by authorised signatories.

2.1a In addition, at each Full Council meeting and at year end the Chair and Vice Chair shall sign off the list of income received and payments made each month, together with bank balances as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.

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 them and report thereon to the Council within the timescales set by the Accounts and Audit (Wales) Regulations.

2.4 The Council shall ensure that there is 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 they appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.

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

2.6 The internal auditor shall:

- be competent and independent of the financial operations of the Council.
- report to Council in writing, or in person, on a regular basis 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 may not under any circumstances:

- perform any operational duties for the Council.
- initiate or approve accounting transactions; 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) AND FORWARD PLANNING

3.1 The RFO is to prepare annual estimates of income and expenditure for submission to either the December or January meeting of the Council together with estimates for potential future schemes as previously determined by the Council.

3.2 As soon as the forthcoming financial year's budget has been approved, it shall be the responsibility of the RFO to submit the precept required to Wrexham County Borough Council which, under the present arrangements agreed with that Authority who will pay the agreed precept to the Council in three instalments into the Council's HSBC Account by means of BACS.

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

3.4 The salary budgets are to be reviewed at least annually prior to the setting of the Council precept for the following financial year and such review shall be evidenced by its acceptance in a council minute.

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 Council for all items over £2000**
- **Ward Members in relation to the delegated Environmental budgets for items up to and including £500.**
- **the Clerk, in conjunction with Chair of Council for any items below these amounts.**

Such authority is to be evidenced in the Council minutes.

4.2 In cases of extreme risk to the delivery of Council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1000. The Clerk shall report such action to the Chair as soon as possible and to the Council at the next meeting.

4.3 In addition Council gives approval for certain payments to be made in advance of Council authorisation. These include :

- **Payments for Salaries (AVOW).**
- **Payments for energy costs (SSE).**
- **Payments related to the delegated Environmental Budgets.**

Such payments will be reported to the next Council meeting.

4.4 The RFO will ensure that the insurance cover is at the appropriate level and that the asset register is kept up to date.

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

4.6 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated committee. 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 ('virement').

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

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

4.9 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

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. They shall be regularly reviewed for safety and efficiency. The Council's (bankers) shall seek credit references in respect of members or employees who act as signatories.

5.2 The RFO is authorised to pay invoices on behalf of the Council, subject to proper invoices and checks. The RFO shall report such payments, together with any income, to the next meeting of Council.

5.3. The RFO shall prepare a schedule of payments requiring authorisation, together with a schedule of payments made prior to authorisation detailed in para. 4.3 above, 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 banking mandate signatories.

Such authorisation shall be included in the minutes of that meeting. 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.

Payments by Cheque

5.4 Where payments are made by cheque they shall require two signatories who are authorised signatories on the Bank Mandate.

5.5 The RFO will ensure that all such invoices carry the number of the cheque settling the payment and are kept in a format that can be readily produced for audit.

Internet Banking

5.6 Payments shall be made by BACS Transfer or by use of the Council's Visa Debit Card wherever possible. The procedure as laid out in para. 5.2 above should be followed.

5.7 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

5.8 No expenditure may be incurred that will exceed the amount provided in the revenue budget unless such additional expenditure can be covered by an appropriate fund balance and approved by the Council.

5.9 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. INCOME.

6.1 The RFO shall be responsible for the collection of all sums due to the council.

6.2 The RFO will reclaim VAT ensure its receipt.

6.3 The RFO will ensure the receipt of all income due to the Council and that it is banked and recorded accordingly.

6.3 The Council will review its scale of fees and charges on a regular basis.

6.4 Any bad debts shall be reported to the Council.

7. PAYMENT OF SALARIES.

7.1 The RFO will ensure that salary and expenses payments due to employees are in accordance with amounts agreed by the Council.

7.2 Deductions relating to income tax (employees) and, if appropriate, employers national insurance be collected and paid over to HM Revenue and Customs.

7.3 Where income tax is not collectable the appropriate form P46 is held.

7.4 All relevant returns are submitted by the stipulated dates.

7.5 Wherever possible payroll payments should be made through a BACS system.

7.6 Such salaries shall be reviewed annually.

(N.B.-since September 2017 the Council has been using the AVOW payroll system for the payment of the Clerk's salary. AVOW also pay the Admin. Officer and Cemetery Assistant (previously the sexton). AVOW also complete the required Inland Revenue returns.

8. CONTRACTS AND PROCUREMENT.

8.1 Detailed procedures for contracts are laid down in the Council's Standing Orders.

8.2 Where agreed purchases over £ 2000 are made the RFO will attempt to obtain three quotes.

8.3 However there are certain purchases, such as street lighting etc where it is either deemed unsafe to have more than one contractor or the need to maintain a uniformity of equipment (as with defibrillators, speed signs etc.) and in such cases the requirements of para 8.2 will not apply.

8.4 Contracts over £ 30,000 (figure to be reviewed periodically) should go out to formal competitive tender as defined in the Council's Standing Orders.

8.5 All quotes and tenders shall be reported to Council for a decision.

8.6 If no tenders, or less than 3 tenders, are received the Council will make such arrangements for procuring the goods, materials, or services as it thinks fit.

9. INSURANCE

9.1 Following the annual risk assessment the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers.

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

9.3 The Clerk/RFO shall be notified of any loss liability or damage or of any event.

9.4 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, or duly delegated committee.

10.RISK MANAGEMENT

10.1 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. The Council shall review risk policy statements and consequential risk management arrangements at least annually.

11.SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

11.1 It shall be the duty of the Council to review the Financial Regulations of the Council at the Annual meeting of Full Council. 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.

11.2 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.