

NANTYGLO & BLAINA TOWN COUNCIL CYNGOR TREF NANT-Y-GLO A BLAENAU

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Financial Regulations

These Financial Regulations were revised & adopted by the Council
at its Meeting held on 22nd March 2022

Signed by:



Cllr D Hillman
Town Mayor / Chairman

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 Finance Officer (RFO) holds a statutory office (*s.151 Local Government Act 1972*) 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 of behalf of the Council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;

- approve any grant or a single commitment in excess of £5000; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

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, at least once in each quarter, and at each financial year end, a Finance Committee member [or a cheque signatory] shall be appointed to 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 on conclusion be reported, including any exceptions, to and noted by the 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 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 systems 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, 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.

4. Budgetary Control and Authority to Spend

- 4.1 Expenditure and 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 £5000;
 - a duly delegated committee of the Council for items over £500; or
 - the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.
- Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.
- Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 4.2 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 heading or to an earmarked reserve as appropriate ('virement').
- 4.3 Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4 The salary budgets are to be reviewed at least annually in January (or when the relevant information in respect of the national agreement is received from OVW or NALC) for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of the Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5 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 £500. The Clerk shall report such action to the Chairman as soon as possible and to the Council as soon as practicable thereafter.
- 4.6 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.
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- 4.8 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure to the appropriate date

- c) fund transfers within the Councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of Council [or finance committee].
- 5.6 For each financial year the Clerk and RFO shall draw up a list of due 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, stationary/essential office supplies (not exceeding £500) and regular maintenance contracts, utilities and the like for which Council [,or a duly requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of Council [or Finance Committee]. Stationary and Office Supplies are via the Town Council's preferred supplier (Viking Direct & Shaws) or other as appropriate, due to cost, reliability, invoice and time factors.
- 5.7 A record of regular payments made under 5.6 above shall be drawn up and presented to the Finance & General Purposes Committee and be signed by the Chair of Finance & General Purposes Committee each month – thus controlling the risk of duplicated payments being authorised and / or made.
- 5.8 In respect of grants a duly authorised committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of 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.
- 5.10 When able to the Council will aim to rotate the duties of members (with appropriate training) in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.11 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by the Council (or relevant committee).

6. Instructions for the Making of Payments

- 6.1 The Council will make safe and efficient arrangements for the making of its payments.
- 6.2 Following authorisation under Financial Regulation 5 above, the Council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3 All payments shall be affected by cheque/online payment or other instruction (including online payments) to the Council's bankers, or otherwise, in accordance with a resolution of

- 6.12 Regular back – up copies of the records on any computer shall be made and shall be stored securely away from the computer in question.
- 6.13 The Council, and any members using computers for the Council’s financial business, shall ensure that the anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.14 Where internet banking arrangements are made with any bank, the Clerk/RFO shall be appointed as the Service Administrator (‘processing officer’). The bank mandate approved by the Council identifies three Councillors who will be authorised to approve transactions on those accounts.
- 6.15 Access to any internet banking accounts will be directly to the access page (which may be saved under “favourites”), and not through a search engine or e-mail link. Remembered or saved password facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.16 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 hard copy authority for change signed by [two of] the Clerk /RFO and a member. A programme of regular checks of standing data with suppliers will be followed.
- 6.17 The process for authorising payments from the Nantyglo & Blaina Town Council Business (Current) Lloyds Bank Account to creditors with reciprocal internet banking arrangements. The relevant electronic bank details of the recipient organisation must be known in order for the transaction to be processed. The maximum permissible payment level is understood to be £250,000 but individual transactions are usually for less than £1,500.
- 6.18 Each transfer requires the physical presence (in the Town Council Office) of at least 2 named individuals, one of whom must be the Town Clerk/RFO, in the presence of one of three authorised members. These designated members are all approved cheque signatories. The Town Clerk must be present for all transactions. Please note that ongoing issues eg coronavirus legislation may impact upon this and that the Town Clerk (processing officer) may process & authorise the payments and then e-mail another authorised member all details of the payments that require authorising and request that these payments be authorised. That authorising member then e-mails the Town Clerk when the payments have been authorised. The Town Clerk then prints a copy of the bank statement to check that only those payments have been authorised and retains a copy for the file.
- 6.19 The Town Clerk/ RFO is responsible for the safekeeping of a security card which authorises the initiation of payments by use of a PIN. The PIN card entry machine is kept securely in the admin office at the Blaina Institute building. Each of the authorised members is responsible for the safekeeping of a security card which authorises the approval of payments by use of a PIN.

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 salary rates shall be as agreed by Council, or duly delegated committee.
- 7.2 Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and 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, provided that each payment is reported to the next available Council meeting, as set out in these regulations above.
- 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 & Personnel Committee.
- 7.4 Each and every payment of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any Councillor who can demonstrate a need to know;
 - b) by the internal auditor;
 - c) by the external auditor; or
 - d) by any person authorised under the Public Audit (Wales) Act 2004, or any superseding legislation.
- 7.5 The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, 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 shall only be authorised by Council.
- 7.7 Before employing interim staff the Council must consider a full business case.

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

- 9.5 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.
- 9.6 The origin of each receipt shall be entered on the paying – in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 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.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 9.10 Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting (see also Regulation 16 below)].
- 9.11 The Council may investigate the possibility of accessing and applying for financial grants as appropriate for projects considered necessary by the Town Council for the benefit of the residents of Nantyglo and Blaina.

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 where used.
- 10.2 Order books & letters 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 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 three or more quotations or estimates from appropriate suppliers, subject to any *de minimus* provisions in Regulations 11.1 below.
- 10.4 A member may not issue an official order or make any contract on behalf of the Council unless this has been resolved by the appropriate committee or Council..

- g. When it is to enter into a contract of less than £25,000 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 or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5000 and otherwise, Regulation 10.3 above shall apply.
 - h. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
 - i. Should it occur that the Council, or duly delegated committee, 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 proper Officer shall maintain a register of personal interests, in respect of both members and senior staff.
- a. Members and senior staff 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 and Senior staff 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.
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 instalment 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, will 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.]

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.

15. Insurance

- 15.1 Following the annual risk assessment (per Financial Regulations 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers [in consultation with the Clerk].
- 15.2 [The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 15.4 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.
- 15.5 All appropriate members and employees of the Council shall be included in a suitable form of security of fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Council, or duly delegated committee.

16. Charities

- 16.1 Where the Council is sole managing trustee of a charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any audit or independent examinations as may be required by Charity Law or any Governing Document.

17. Risk Management

- 17.1 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. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 17.2 When considering any new activity, the Clerk/ RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

18. Suspension and Revision of Financial Regulations

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or