

# St Harmon Community council

## Financial Regulations

### 1 General

#### 1.1

The financial regulations shall govern the conduct of the financial transactions of the council and shall only be amended by resolution of the council. Financial regulations are one of three governing policy documents providing procedural guidance for members and officers and must be observed in conjunction with standing orders and any individual financial regulations relating to contracts.

**1.2** The responsible financial officer (RFO) under the policy direction of the council shall be responsible for the proper administration of the council's financial affairs including a system of internal audit and the management of risk. The council's accounting control measures must include

- (a) Timely production of accounts
- (b) Provide for efficient safeguarding of public money.
- (c) To prevent inaccuracy, fraud, and identifying the duties of officers.
- (d) The RFO shall be responsible for the production of financial management information, as and when the council requires it.
- (e) All financial records should comply with the accounts and audit regulations of (Wales).

**1.3** these regulations demonstrate how the council meets these responsibilities and requirements.

**1.4** These regulations are to be reviewed along with the effectiveness of internal control and risk management in accordance with proper practices, once a year prior to the annual governance statement.

**1.5** Breach of these regulations by an employee may give rise to disciplinary action.

**1.6** All members of the council must follow these regulations, any member enticing an employee to breach them or who fails to follow them brings the office of Councillor into disrepute and may be in breach of the code of conduct.

**1.7** The RFO holds a statutory office appointed by the council. The clerk where possible will be appointed RFO for this council and these regulations will apply accordingly.

**1.8** The council will keep regular under bank signatories and internet banking arrangements, approve Any grant or commitment. Employees annual salary will be in line with national pay scales.

### 2 Accounting and Audit

**2.1** All accounting procedures and financial records of the council shall be determined by the RFO as required by accounts and audit regulations (Wales) or other statutory instruments which may supersede those regulations.

- 2.2** The RFO shall be responsible for completing the annual accounts of the council as soon as practical after the end of the financial year and in any case by the statutory date required by accounts and audit regulation (Wales) and submit such accounts, reports and annual return thereon to the council.
- 2.3** The council shall be responsible for an adequate and effective internal audit of the councils accounting, financial and other operations in accordance with accounts and audit (Wales). 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.
- 2.4** Once a quarter and at the end of the financial year two members of the finance and procedures committee who are not the chair or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The members will sign the reconciliations and original bank statements as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
- 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. The internal auditor shall be competent and independent of the financial operations of the council, shall report to the council in writing, annually at the end of the financial year. 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. Neither the internal or external auditors should under any circumstances perform any operational duties for the council, or initiate, approve, accounting transactions, or direct the activities of any employee of the council, except when assigned to assist them in their work.
- 2.6** 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 or any superseding legislation, and accounts audit (Wales) regulation regulations. The RFO shall without delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

### **3 Annual estimates, Budgetary control, and authority to spend.**

- 3.1** A budget shall be prepared by the RFO and finance and procedures sub committee not later than the November meeting of the council, to be included in the November agenda, the RFO shall provide the council with a statement of income and expenditure as requested.
- 3.2** The council will set the precept to be levied for the ensuing year no later than the December meeting and the budget shall form the basis for of the financial control for the ensuing year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

- 3.3** 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 in the opinion of the clerk, it must be done at once, whether or not there is budgetary provision, subject to a financial limit of £700.00. The clerk shall report the action taken to the council as soon as practicable thereafter.
- 3.4** No expenditure may be incurred in relation to any capital project and no contracts entered into or tender accepted involving expenditure on capital account unless the council is satisfied that the necessary funds are available or requisite borrowing approval can be obtained. No expenditure may be authorized that will exceed the amount allocated in the revenue budget other than by resolution of the council
- 3.5** Unspent revenues will be transferred to the reserves at the end of the financial year
- 3.6** Reserves may only be used in support of the budget or a specific project by resolution of the council
- 3.7** All capital work shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 3.8** The RFO shall provide a monthly comparison to the budget of all income and expenditure including any variances to the council.

#### **4 Banking arrangements and authorization of payments**

- 4.1** The council's banking arrangements should be made by the RFO and approved by the council
- 4.2** Relevant invoices shall be presented to the council and if in order shall be authorized for payment by resolution of the Council
- 4.3** Cheques drawn on the council's bank accounts shall be signed by two members of the council they shall also initial the counterfoil a member who is a bank Signatory, having a connection by virtue of family or business with the beneficiary of a payment should not under normal circumstances, be a signatory to the payment. Under normal circumstances all cheques are to be signed after approval of the invoice by resolution of the council.
- 4.3** All Payments shall be effected by cheque, direct debit, or BACS drawn on the council's bankers. Where possible payments should be made by BACS but only after approval of the invoice by resolution of the council and the invoice having been signed by two signatories, payments made by BACS should be reviewed every two years. Any BACS payment made without the invoice being approved by a resolution of the council may be subject to disciplinary action.
- 4.4** All invoices for payment shall be examined, verified and certified by the RFO as evidenced by the presentation to the Council for payment. Before such certification the RFO shall be satisfied that the works, goods or services to which the invoice relates have been received, carried out examined and approved.
- 4.5** Both the RFO and the chairman should have access to internet banking, no log in details should be kept on any computer but both the RFO and chair's log in details should be placed in a sealed envelope and retained by the vice chair, it should remain sealed and only opened in the presence of two members of the finance sub committee other than the chair if a member of the said committee and only if the RFO or chair either request it or

leave their position, should the later occur then the mandate should be cancelled and the log in for that position destroyed . A new mandate should be set up when the position is refilled.

**4.6** Backup copies of all councils computer files, correspondence, emails, and accounts should be kept on a memory stick and a copy should be held by the clerk, Chair and Vice Chair.

**4.7** Any computers being used for council business and in particular the council financial business must have a high level of security that includes any spyware, any virus and firewall, it must also have automatic updates.

**4.8** 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 email link. Remembered or saved passwords 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.

## **5 Payment of salaries and wages**

**5.1** The Clerk/RFOs salary is in accordance with the current National Joint Council for Local Government Services (NJC) Scale LC1 Spinal Column Point 16 (Point 16 includes holiday payments (as stated in 5.3) and not claimed as an extra.). The RFO is responsible for the presentation of time sheets and invoices to the council at there monthly meeting for approval and payment.

**5.2** The RFO is responsible for dealing with HMRC regarding PAYE.

**5.3** No changes shall be made to any employees pay, emoluments, or terms and conditions of employment without prior consent of the council.

**5.4** Payments of salary to employees are confidential, confidential records of employees salary are 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.

**5.5** Termination payments shall only be authorised by a resolution of council and only after a clear business case has been reported to council.

**5.6** All time sheets shall be examined by the chairman to ensure they have been signed and duly certified that such time has been worked.

## **6 Loans and investments**

**6.1** All loans, investments and borrowing shall be negotiated by the RFO in the name of the council after approval by the council and shall be for a set period of time in accordance with council policy.

**6.2** All investments of money under the control of the council shall be in the name of the council. All borrowing shall be in the name of the council. All investment certificates and other documents relating there to shall be retained in the custody of the RFO.

**6.3** The council shall consider the need for an investment strategy and policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any strategy and policy shall be reviewed by the council at least annually.

## **7 Income**

**7.1** The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.

**7.2** Any bad debts shall be reported to the council.

**7.3** All sums received on behalf of the council shall be banked with such frequency as the RFO considered necessary.

**7.4** The RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with VAT act 1994 section33 shall be made at least annually coinciding with the financial year end.

## **8 Insurance**

**8.1** The RFO shall be responsible for effecting all insurance and negotiating all claims against the councils insurers.

**8.2** The RFO shall give prompt notification to the council of all new risk and any amendments affecting existing cover.

**8.3** All appropriate employees shall be included suitable fidelity guarantee cover

**8.4** The RFO shall keep a record of all insurance effected by the council and the property and risk covered thereby and annually review it.

**8.5** The RFO shall be notified of loss liability or damage or of any event likely to lead to a claim, and shall report these to the council at the next available meeting.

**8.6** 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 (Annually) by the council.

## **9 Contracts**

**9.1** an invitation to tender shall state the general nature of the work intended or service to be provided and shall be required to be delivered in sealed envelopes. All tenders for the same work will be opened at the same time by such persons as the council may direct.

**9.2** The council shall decide from time to time a financial limit for work carried out or service provided above which tenders will not be sought.

**9.3** The council shall not be obliged to accept the lowest of any tender.

## **10 Assets. Properties. And Estates**

**10.1** The clerk shall appropriate arrangements for the custody of all title deeds and land registry certificates of properties held by the council. The RFO shall ensure a record is maintained of all properties held by the council, recording location, extent, plan, reference, purchase details, nature of interest, tenancies granted, rents payable and purpose for which held in accordance with accounts and audit (Wales) regulations.

**10.2** 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.

## **11 Risk Management**

**11.1** 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 annually.

**11.2** 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.

## **12 Suspension and revision of financial regulations.**

**12.1** 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 proper practices and shall advise the council of any requirement for a consequential amendment to these financial regulations.

**12.2** The council may, by resolution of the council duly notified prior to the relevant meeting of the council, suspend any part of these financial regulations provided that reasons for suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members.