

## LLANBEDR COMMUNITY COUNCIL FINANCIAL RULES

These financial rules were adopted by the Council at its meeting held.....

### 1. GENERAL

1.1 The financial rules govern the financial management of the Council and the Council only can alter or amend them by resolution. The Council is responsible by law for ensuring that its financial management is adequate and effective and that the Council has a robust system of financial management which assists the Council in the effective delivery of its services, including arrangements for the management of risk and the prevention and detection of fraud and corruption. The purpose of the financial rules is to show how the Council is conveying these responsibilities.

1.2 The clerk has been appointed as the responsible financial officer for this Council and these rules will apply in that respect. The clerk will operate under the policy guidance of the Council, administer the Council's financial affairs in accordance with appropriate practice. The clerk will determine on behalf of the Council its accounting records, and accounting control systems. The clerk will ensure that the accounting control systems are adhered to and that the Council's calculation records are kept up to date in accordance with appropriate practices.

1.3 The clerk will produce financial management information as requested by the Council.

1.4 At least once a year before approving the annual report, the Council will undertake a review of the effectiveness of its system of internal control which will be in accordance with the proper practices.

1.5 In these financial rules, references to the accounting and audit regulations shall mean the regulations issued through section 27 of the Audit Commission Act 1998 and which are in place at the time.

1.6 In these financial rules the term ' proper practices ' will refer to the guidance published in ' Governance and Accountability in local Councils in England and Wales – and Practitioners ' Guide ' which is published jointly by NALC and SLCC and is updated periodically.

### 2. ANNUAL ESTIMATES (BUDGET)

2.1 Each committee (if any) will draw up and submit to the Council proposals for revenue and capital including the use of reserves and funding sources for the following financial year no later than the end of November each year.

2.2 Detailed estimates of all receipts and payment including the use of contingency funds and all sources of financing for the year shall be prepared annually by the clerk in the form of a budget for discussion by the Council.

2.3 The Council shall review the budget no later than January of each year and shall set the precept for the following financial year. The clerk will provide details of the precept to his or her billing authority and will provide each member with a copy of the approved budget.

2.4 The annual budgets will formally be the basis of financial management for the coming year.

2.5 The Council will consider the need for and address a three-year forecast of revenue and capital receipts and payments which can be prepared at the same time as the annual budget.

### 3. BUDGETARY CONTROL

3.1 Funds on revenue items can be spent up to the amounts included for that class of expenditure in the approved budget.

3.2 No money may be spent in excess of the amount in the revenue budget for that class of expenditure. During the year under review and with the consent of the Council after full consideration of the implications for public services, available and unspent amounts may be moved to other budget headings or to a specified reserve as required.

3.3 The clerk shall regularly provide the Council with a statement of receipts and payments under all budget headings, comparing actual expenditure to the date in question with that intended in the budget. These statements will be prepared at least up to the end of each financial quarter.

3.4 The clerk may spend money on behalf of the Council which is necessary to carry out any repairs or other work which is so urgent as to require immediate action, whether or not budgetary provision is made, (but in consultation with the Chair/Vice Chair up to a maximum of £500). The clerk will inform the Council of the action taken as soon as possible thereafter.

3.5 Unspent money in the revenue budget may not be carried forward into the following year unless it is placed in a specified reserve by resolution of the Council.

3.6 No money can be spent on any capital project and no contract or tender can be agreed for capital expenditure unless the Council is satisfied that the necessary funding is available, or that the necessary borrowing permission has been obtained.

3.7 All capital works are administered in accordance with the Council's standing orders and financial rules for contracts.

### 4. ACCOUNTING AND AUDITING

4.1 All the Council's accounting procedures and financial records shall be determined by the clerk in accordance with the accounting and audit rules.

4.2 The clerk shall complete the annual financial statements of the Council, including the annual report of the Council, as soon as practicable after the end of the financial year and shall submit them and inform the Council that it has been done.

4.3 The clerk shall complete the Council's accounts contained in the annual report (as provided by the auditor from time to time appointed by the Audit Commission) and shall submit the annual report for confirmation and authorisation by the Council within the time specified in the Accounting and audit regulations.

4.4 The clerk shall ensure that there is an adequate and effective system for conducting internal audits of the accounting, financial and other business of the Council in accordance with proper practices. Any of the officers or members of the Council, at the request of the clerk or the internal auditor, shall provide any of the Council's documents which the clerk or the internal auditor considers necessary for the purposes of the internal audit and shall give to the clerk or the Internal auditor any information or explanation which the clerk or the internal auditor considers necessary to that effect.

4.5 The Internal auditor is appointed by the Council and shall carry out the work which the Council requests in accordance with proper practices. The internal auditor, who shall be competent and independent of the Council, shall submit a regular written report to the Council, or in person, with at least one annual written report for each financial year. In order to demonstrate objectivity and independence, the internal auditor will have no conflicting interests and will have no connection with the financial and management decisions of the Council.

4.6 The clerk shall make arrangements for the opportunity to inspect accounts, books and invoices and for the display or publication of any notices and statements of accounts required by the Audit Commission Act 1998 and the Accounting and audit regulations.

4.7 The clerk shall, as soon as practicable, bring to the attention of each councillor any correspondence or reports from the internal or External Auditor, unless the correspondence relates solely to a purely administrative matter.

## 5. BANKING ARRANGEMENTS AND CHEQUES

5.1 The Council's banking arrangements, including the mandate of a bank, shall be made by the Clerk and shall be approved by the Council. They should be reviewed regularly to ensure that they are efficient.

5.2 A list of necessary payments, which shall form part of the meeting programme, shall be prepared by the clerk and, together with the necessary invoices, for submission to the Council. If the list is acceptable it will be authorised by a resolution of the Council and signed by the Chair of the meeting. If it is more appropriate the details can be displayed in the minutes of the meeting.

5.3 Cheques drawing from the bank account in accordance with the list referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of the Council. The clerk is not entitled to sign.

5.4 In order to indicate that the particulars shown on the cheque or a payment order are in keeping with the counterfoil and invoice or similar paperwork, the signatories will also sign on the cheque's counterfoil.

## 6. PAYMENT OF ACCOUNTS

6.1 All payments will be made by cheque or other order drawing on council bankers.

6.2 All paid invoices will be audited, checked and confirmed by the clerk. The clerk shall satisfy herself that the works, goods or services to which the invoice refers have been received, performed, examined and confirmed.

6.3 The clerk will examine the arithmetical accuracy of invoices and will analyse them under the appropriate expenditure heading. The clerk will make every effort to pay all invoices submitted, and which are acceptable, at the next meeting of the Council.

6.4 If a payment is required to avoid the payment of interest under the late payment of commercial Debts (interest) Act 1998, and if the relevant date is before the Council's normal next meeting, when the clerk confirms that there is no dispute or other reason to delay payment, the clerk may (notwithstanding paragraph 6.3) take all necessary steps to pay such invoices provided that a list of such payments is submitted to the appropriate next meeting of the Council.

6.5 The Council will not retain any form of cash reserve. All the cash received must be banked as it is.

6.6 Where the Council considers it appropriate, utility supplies (energy, telephone and water) may be paid for by variable direct debit provided that the directions are signed by two members and any payments made are reported to the Council. The confirmation to use direct debit is renewed by resolution of the Council at least once every two years.

7. PAYMENT of SALARIES - the need to establish a Clerks Contract. One voice Wales Contract is in existence but too complex for Llanbedr Community Council.

7.1 As an employer, the Council will make arrangements to fully meet the statutory requirements placed on all employees by the PAYE and national Insurance legislation. Salaries are paid in accordance with payroll records and the PAYE and National Insurance rules in place at the time, and the salaries agreed by the Council.

7.2 Salaries and deductions may be paid out of salaries for tax, national insurance and pension contributions in accordance with payroll records and on the appropriate dates set out in employment contracts, provided that all payments are reported to and Confirmed by the next meeting of the Council.

## 8. LOANS AND INVESTMENTS

8.1 All loans and investments are handled in the name of the Council and will be for a fixed period in accordance with the Council's policy.

8.2 The Council shall consider the need for an investment policy which, if prepared, will be in accordance with relevant regulations, proper practices and guidelines. Any policy will be reviewed at least annually.

8.3 Any money invested under the Council's control will be made in the name of the Council.

8.4 All loans are made in the name of the Council, having received any necessary borrowing permission. Any application for loan permission is confirmed by the Council in terms of its terms and purposes. The terms and conditions of loans will be reviewed at least annually.

8.5 All certificates and other documents in this respect shall be kept by the clerk.

## 9. INCOME

9.1 It shall be the responsibility of the clerk to collect and supervise all amounts payable to the Council.

9.2 Details of all payments made for work carried out, services provided or goods supplied shall be agreed on an annual basis by the Council, notified to the clerk who shall be responsible for the collection of all accounts payable to the Council.

9.3 The Council shall review each fee and payment each year, following the report of the clerk.

9.4 Information about any amounts deemed not recoverable and any bad debts will be submitted to the Council and will be written off during the year

9.5 All amounts received on behalf of the Council shall be bankrolled as they are. In all situations, all payments will be submitted to council bankers at the frequency that the clerk considers necessary.

9.6 The origin of each receipt shall be indicated on the remittance slip.

9.7 Personal cheques shall not be paid out of monies paid on behalf of the Council.

9.8 The clerk shall promptly complete any necessary VAT report. Any claim for due reimbursement pursuant to the VAT Act 1994 Section 33 shall be made at least annually to coincide with the end of the financial year.

9.9 When the Council regularly receives significant amounts of cash, the clerk will take whatever steps the Council may agree to ensure that more than one person is present when the money is first

accounted for, that there is a robust regime with some form of control such as ticket numbers, and that appropriate care is taken with regard to the safety of individuals who bank such funds.

## 10. ORDERS FOR WORK, GOODS AND SERVICES

10.1 An official order or letter is issued for all works, goods and services unless a formal contract is prepared or an official order is unsuitable. Copies of orders are kept.

10.2 Order books are managed by the clerk.

10.3 Each member and officer is responsible for obtaining value for money on each occasion. An officer who makes an official order will take care as far as is reasonable and practicable for the best possible terms for each transaction, usually by having three or more price quotes or more from suppliers, subject to any provisions de Minimis in Rule 11 (1) below.

10.4 The clerk shall confirm the lawful nature of any prospective purchase before making any order, and for new or irregular purchases or payments, the clerk shall ensure that the statutory authority is reported to the meeting where the order is confirmed and the authority used recorded in the minutes.

## 11. CONTRACTS

11.1 The procedures for contracts are as follows:

(a) Each contract shall comply with these financial rules, and no exceptions shall be made other than in an emergency provided that these rules shall not apply to contracts relating to items (i) to (vi) below:

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

(ii) for specialised services of a kind provided by solicitors, accountants, surveyors and planning consultants;

(iii) for work carried out or materials supplied consisting of repairs to or parts for machinery or equipment;

(iv) for works carried out or materials supplied which constitute an extension of a contract already made by the Council;

(v) For additional audit work by the External Auditor up to an approximate value of £ 500 (if the amount is more than this the Clerk will consult the Chair or vice-Chair of the Council);

(vi) for goods or materials intended for purchase which are proprietary goods and/or are sold only at the price of installation.

(b) where a contract exceeding £5000 is intended to be made for the supply of goods or materials or for the carrying out of works or specialized services other than the excepted goods, materials, works or services as specified in paragraph (a) the clerk shall invite tenders from at least three companies to be taken from the appropriate approved list.

(c) When requests are made to discharge financial rules for contracts so as to ensure that a price can be agreed without competition, the reason will be included in a recommendation to the Council.

C Any such invitation to tender will set out the general nature of the proposed contract and the Clerk will arrange the necessary technical support to prepare a specification in relevant cases. The invitation will also note that some tenders are referred to the Clerk by normal mail. Each tender Company shall be provided with a properly marked envelope for the sealed tender, and shall remain under seal until the agreed date for the opening of tenders for that contract.

(d) All sealed tenders shall be opened at the same time on the date indicated by the clerk in the presence of at least one member of the Council.

(f) If less than three tenders are accepted for contracts over £5000 or if each tender offers the same price the Council may make whatever arrangement it considers suitable for the procurement of the goods or materials or the carrying out of the works.

(e) When a contract of less than £5000 is intended to be made, but over £500 for the supply of goods or materials or the performance of works or specialized services other than the excepted goods, materials, works or services as specified in paragraph (a) The clerk will arrange to have 3 quotations of costings in accordance with descriptions of what is intended to be supplied). Rule 10 (3) above will normally apply.

(f) The Council shall not be obliged to accept the tender or quotation of the lowest price as its objective.

## 12. PAYMENTS UNDER CONTRACTS FOR CONSTRUCTION WORKS

12.1 The amount in the contract shall be paid on account within the period specified in the contract by the clerk having received certified certificates for the architect or other consultants employed to supervise the contract (subject to any percentage to be withheld agreed in the contract in question).

12.2 Where contracts provide for payment by instalments the clerk will keep a record of all such payments. In any situation where it is assumed that the total cost of work to be done under a contract, other than agreed variations, is 5% or more above the amount of the contract a report will be submitted to the Council.

12.3 Any variation to a contract or addition or omission of a contract must be confirmed by the Council and the contractor in writing, and the Council must be informed when the final cost is likely to exceed the financial provision made.

#### 13.13. WAREHOUSES AND APPLIANCES

13.1 The officer in charge of each department shall be responsible for the care of storehouses and equipment in that section.

13.2 Supply notes must be obtained for all goods received for storage or supplied in any other manner and goods must be checked in respect of the order and their quality at the time the supply is made.

13.3 stocks at the lowest acceptable levels are kept compatible with operational procedures.

13.4 The clerk will be responsible for undertaking periodic inspection of stocks and stores at least annually.

#### 14. ASSETS, BUILDINGS AND ESTATES

14.1 The clerk will make suitable arrangements for the storage of all property owned by the Council. The clerk will ensure that a record is kept of each property owned by the Council, recording the location, size, layout, reference, purchase details, nature of benefit, tenancies granted, rents payable and purpose in accordance with accounting and audit regulations.

14.2 No property shall be sold, leased or otherwise disposed of in any other way without the authorization of the Council, together with any other consents required by law, except where the value of any one piece of tangible, movable property is not more than £50.

14.3 The clerk will ensure that a suitable and accurate asset and investment register is kept up to date. The fact that the tangible assets shown in the register still exist will be confirmed at least annually.

#### 15. INSURANCE

15.1 Following the annual risk assessment (in accordance with financial rule 17), the Clerk shall arrange all insurance and negotiate all claims with the Council's insurers.

15.2 The clerk shall keep a record of all insurance arranged by the Council and of the property and the risks guaranteed by it and shall review it annually.



15.3 The clerk shall be informed of any loss of liability or damage or of any incident likely to give rise to a claim, and shall inform the Council of them at the next meeting.

15.4 All the appropriate council employees shall be included in insurance guaranteeing the highest cover of risk as determined by the Council.

## 16. CHARITIES not currently relevant

16.1 Where the Council is the sole trustee of a charitable organisation the clerk will ensure that separate accounts are kept of monies held in charitable Trusts and financial reports are made separately in whatever form is suitable, in accordance with charitable law and Legislation, or according to the requirements of the Charity Commission. The clerk will arrange any independent audit or inspection required by charitable law or any governance document.

## 17. RISK MANAGEMENT

17.1 The Council is responsible for making arrangements for the management of risk. The clerk will prepare, for approval by the Council, risk management statements for all Council activity. Risk policy statements and the risk management arrangements that result from them are reviewed at least annually by the Council.

17.2 in considering any new activity, the clerk will prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## 18. REVIEW OF FINANCIAL RULES

18.1 It is the Council's duty to periodically review the Council's financial rules. The clerk shall make arrangements to monitor legislative changes and shall inform the Council of any subsequent need to make a change to these financial rules.

Date 14.5.19

Signed by Chairperson