



Connah's Quay Town Council Financial Regulations (Final) January 2015

Connah's Quay Financial Regulations (Final) January 2015

1.	General	3
2.	Annual Estimates (Budgets)	4
3.	Budgetary Control	4
4.	Accounting and Audit	5
5.	Banking Arrangements and Cheques	7
6.	Payment of Accounts	8
7.	Petty Cash	8
8.	Payment of Salaries	9
9.	Loans and Investments	9
10.	Income	10
11.	Orders for Work, Goods and Services	11
12.	Contracts	11
13.	Assets	11
14.	Payments under contracts for building or other construction works	12
15.	Stores and Equipment	12
16.	Assets, Properties And Estates	13
17.	Insurance	13
18.	Risk Management	14
19.	Internal Controls	14
20.	Revision of Financial Regulations	16

Connah's Quay Financial Regulations (Final) January 2015

1. General

- 1.1. These Financial Regulations govern the conduct of the financial management of the Council and may only be amended or varied by resolution of the Council. 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 financial control which facilitates the effective exercise of the Council's functions, including arrangement for the management of risk and for the prevention and detection of fraud and corruption. These Financial Regulations are designed to demonstrate how the Council meets these regulations.
- 1.2. The Responsible Financial Officer (RFO) is a statutory office to be appointed by the Council. The Council's Accountant is appointed as RFO for this Council and these regulations will apply accordingly. References to the RFO in the Financial Regulations in respect of specific duties (rather than overall responsibilities) shall be taken as extending to "or other delegated officer".
- 1.3. The RFO, under the policy direction of the Council and its Finance and General Purposes Committee, shall be responsible for the proper administration of the Council's financial affairs in accordance with proper practices. The RFO shall determine, on behalf of the Council, its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.4. The RFO shall be responsible for the production of financial management information as required by the Council.
- 1.5. In these regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force. The term 'proper practice(s)' shall mean those that are referred to in the guidance issued in Governance & Accountability in Local Councils in England & Wales – A Practitioners Guide, published jointly by the National Association of Local Councils and the Society of Local Council Clerks and updated from time to time.

Connah's Quay Financial Regulations (Final) January 2015

2. Annual Estimates (Budgets)

- 2.1. Finance & General Purposes Committee shall formulate and submit proposals to the Council in respect of revenue and capital funding including the use of reserves and sources of funding for the following financial year not later than the end of January each year.
- 2.2. Estimates of all receipts and payments including the use of reserves and all sources of funding for the ensuing financial year shall be prepared each year by the RFO in the form of a budget to be considered by the Committee.
- 2.3. The Council shall review the estimates not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The amount of the precept shall be notified to the billing authority; along with any supporting information required by statute The RFO shall supply each Member with a copy of the approved estimates.
- 2.4. The annual budgets shall form the basis of financial control for the ensuing year.

3. Budgetary Control

- 3.1. Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2. No expenditure may be incurred which will exceed the amount provided in the revenue budget unless the appropriate Committee or Council has approved it.
- 3.3. The RFO shall provide Committee and/or the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned and will draw attention to any anticipated departures from the budget.
- 3.4. The Town Clerk, in consultation with the Chairman of the Finance & General Purposes Committee or in his/her absence the Vice-Chairman, may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is a budgetary provision for the expenditure, subject

Connah's Quay Financial Regulations (Final) January 2015

to a limit of £5,000. The RFO / Town Clerk shall report the action to the Finance and General Purposes Committee and/or Council as soon as practicable thereafter.

- 3.5. Where expenditure is incurred in accordance with 3.4 above and the sum required cannot be found from within the appropriate approved budget, it shall be submitted to the Finance and General Purposes Committee and/or Council for approval.
- 3.6. Unspent provisions in the revenue budget shall be carried forward to the subsequent year as a general reserve.
- 3.7. No expenditure shall be incurred 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, or the requisite borrowing approval has been obtained.
- 3.8. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4. Accounting and Audit

- 4.1. All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations 2005 or any subsequent amending legislation, any other relevant legislation and according to good practice provided in One Voice Wales/SLCC Governance & Accountability for Local Councils in Wales – A Practitioners Guide 2011.
- 4.2. The RFO shall be responsible for completing the annual financial statements of the Council after the end of the financial year within any statutory timescale and shall submit them and report thereon to the Finance and General Purposes Committee and/or Council.
- 4.3. The RFO shall be responsible for completing the Accounts of the Council and submitting them for approval and authorisation by the Council within the timescales set by the Public Audit (Wales) Act 2005 or set by the Auditor.

Connah's Quay Financial Regulations (Final) January 2015

- 4.4. The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations (Wales) 2005. Any officer or Member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5. The Internal Auditor shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and shall have no involvement in the financial decision-making, management or control of the Council.
- 4.6. At least once a year the Council shall conduct a review of the effectiveness of its systems of internal control which shall be in accordance practices laid down by the Audit Commission.
- 4.7. The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Accounts and Audit (Wales) (Amendment) Regulations 2010 and the Accounts and Audit Regulations (Wales) 2005 as amended.
- 4.8. The RFO shall ensure that arrangements are made for the annual external audit in accordance with the statutory requirements and that the auditor is supplied with all necessary information to carry out the audit.
- 4.9. The RFO shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative nature.
- 4.10. The principles of separation of duties will be observed where possible in respect of financial transactions.

Connah's Quay Financial Regulations (Final) January 2015

5. Banking Arrangements and Cheques

- 5.1. The Council's banking arrangements shall be made by the RFO as approved by the Council, and shall be regularly reviewed for efficiency.
- 5.2. The Council will operate such bank or other accounts, as it considers necessary and appropriate for the efficient conduct of its business. A current account shall be used for the payment of its bills, and cheques and other orders drawn on this account. Payments to be made by BACS, card and direct transfer wherever possible.
- 5.3. A second account shall be operated on an imprest basis at a figure to be set and reviewed as necessary by the Finance and General Purposes Committee and/or Council. This account shall be used primarily for (i) the payment of salaries and related payments and (ii) for payment of small bills or those requiring payment prior to invoice, or for urgent payments. The limit of payments made under (ii) shall be set and reviewed by the Finance and General Purposes Committee and/or Council. Signatories on this account shall be any Councillor / RFO. Payments to be made by BACS, card and direct transfer wherever possible.
- 5.4. The operational parameters of any further accounts to be operated by the Council shall be set by the Finance and General Purposes Committee and/or the Council. Accounts that are operated by the Council and on which officers are signatories shall be operated on an imprest basis at a figure to be set and reviewed as necessary by the Finance and General Purposes Committee and/or the Council.
- 5.5. Transfers between any accounts (except on any account on which officers are signatories) and the current account may be effected by officers.
- 5.6. Bank statements shall be received on a regular basis and reconciled with the Council's books.
- 5.7. The balance on the current account shall be kept at a level commensurate with ensuring sufficient liquidity to meet the Council's commitments.
- 5.8. Any funds not required to defray immediate expenses shall be held in accounts to maximise interest received commensurate with accessibility of funds, reliability of institution and need for liquidity.

Connah's Quay Financial Regulations (Final) January 2015

6. Payment of Accounts

- 6.1. All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy him/herself that the work, goods or services, to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.2. The RFO shall examine invoices in relation to arithmetic accuracy and authorisation and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices as soon as possible in accordance with the Council's procedures.
- 6.3. A schedule of accounts for payment will be drawn up on a regular basis and approved by Council / Finance and General Purposes Committee.
- 6.4. Information to support the payments made will be made available to the Members as requested.
- 6.5. A report of the total of payments made since the last meeting will be made to the Finance and General Purposes Committee and/or Council. The schedules of accounts for payment in that total and information to support the payments will be available for inspection at the meeting.
- 6.6. If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998 or for other urgent reasons and there is no reason to delay payment, the RFO may take all steps necessary to settle such invoices; provided that a list of such payments shall be submitted to the next appropriate meeting.
- 6.7. If appropriate, payment of accounts shall be made by variable Direct Debit.

7. Petty Cash

- 7.1. The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.

Connah's Quay Financial Regulations (Final) January 2015

7.2. The RFO shall maintain a petty cash float of approx. £30 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.

7.3. Income received must not be paid into the petty cash float.

7.4. Payments to maintain the petty cash float shall be drawn on the imprest or current account in the normal way.

8. Payment of Salaries

8.1. The payment of all salaries shall be made in accordance with the agreed rates of pay and other allowances as held on the payroll records and in accordance with the rules of PAYE and National Insurance currently operating and any necessary deductions will be made as required. Payment to other bodies shall be made as necessary in respect of income tax, National Insurance, pensions and other requirements. The appropriate records will be maintained and periodic returns made as required by other bodies.

8.2. Payments to employees shall be treated as confidential information in accordance with Data Protection and Freedom of Information legislation.

8.3. All timesheets shall be certified as to accuracy by the individual's manager and retained by the Town Clerk.

9. Loans and Investments

9.1. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.

9.2. The Council considers an Investment Strategy annually in accordance with relevant regulations, proper practices and guidance.

9.3. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. The Council shall first approve the terms and purpose of any application for borrowing approval.

Connah's Quay Financial Regulations (Final) January 2015

- 9.4. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 9.5. The Council shall maintain such level of general reserves, as it considers prudent for the conduct of its business.
- 9.6. The Council may retain such earmarked reserves as it requires to defray the future cost of specific items of expenditure.

10. Income

- 10.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 10.2. Particulars of all charges, services rendered or good supplied shall be agreed by the Council, notified by the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 10.3. The Council will review all fees and charges annually, following a report to Finance and general Purposes Committee. Additional supplementary reviews will be carried out as deemed necessary.
- 10.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 10.5. All sums received on behalf of the Council shall be banked intact as directed by the RFO except as provided for by 7.3. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 10.6. The origin of each receipt shall be recorded and entered on the paying in slip.
- 10.7. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.8. The RFO shall promptly complete any VAT return that is required. Any repayments claim due in accordance with VAT Act 1994 Section 33 shall be made at least quarterly.
- 10.9. 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

Connah's Quay Financial Regulations (Final) January 2015

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.

11. Orders for Work, Goods and Services

- 11.1. A verbal instruction, order, email or letter shall be issued for all work, goods and services unless a formal contract is to be prepared.
- 11.2. The Town Clerk /RFO are responsible for obtaining value for money at all times. An officer issuing an order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction and where appropriate obtaining quotations or estimates from appropriate suppliers, The officer shall accept the quotation that is, in his opinion, the most satisfactory one.
- 11.3. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

12. Contracts

- 12.1. Procedures as to contracts are laid down as follows:
- 12.2. Every contract made by the Council shall comply with the financial regulations.
- 12.3. When applications are made to waive financial regulations relating to contracts to enable a price negotiated without competition the reason shall be agreed with the Chair of Finance and General Purposes Committee and/or Council.
- 12.4. The Council shall not be obliged to accept the lowest quote, tender, or estimate.

13. Assets

- 13.1. An inventory of assets of the Town Council should be kept in order to verify location, review condition and take action in relation to surpluses or deficiencies, annotating the inventory accordingly.

Connah's Quay Financial Regulations (Final) January 2015

14. Payments under contracts for building or other construction works

- 14.1. 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).
- 14.2. Where contracts provide for payment by instalments 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 relevant Committee or the Council.
- 14.3. The relevant Committee and/or Council must approve any variation to a contract or addition to or omission from a contract. Approval to all variations, additions or omissions must be given to the contractor in writing; and the Committee or Council informed where the final cost is likely to exceed the financial provision.

15. Stores and Equipment

- 15.1. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 15.2. Stocks shall be kept at the minimum levels consistent with operational requirements and should be subject to a regular, independent check.
- 15.3. The RFO shall be responsible for ensuring that periodic checks of stocks and stores are undertaken at least annually.
- 15.4. Any disposal of redundant stocks and equipment should be by competitive quotations or auction unless the Committee or Council, in consultation with the RFO, decides otherwise in a particular case.

Connah's Quay Financial Regulations (Final) January 2015

16. Assets, Properties And Estates

- 16.1. The RFO 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, plan, reference, purchase details, nature of the interest, tenancies granted.
- 16.2. No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible moveable property does not exceed £500.
- 16.3. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is maintained and kept up to date.
- 16.4. Officers responsible for records and assets should ensure that they are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

17. Insurance

- 17.1. Following an annual risk assessment (as per Financial Regulation 20), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 17.2. The RFO shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 17.3. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 17.4. 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 the Council at the next available meeting.
- 17.5. All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Finance and General Purposes Committee and/or Council.

Connah's Quay Financial Regulations (Final) January 2015

- 17.6. Finance and General Purposes Committee shall be responsible for ensuring that proper insurance exists where appropriate.

18. Risk Management

- 18.1. The Council is responsible for putting in place arrangements for the management of risk. The RFO shall prepare for approval by the Council a Risk Management Strategy and Risk Assessments in respect of all activities of the Council and for advising the Council on proper insurance cover where appropriate. The Risk Management Strategy and consequential Risk Management arrangements shall be reviewed by the Council as appropriately.
- 18.2. When considering any new activity the RFO shall prepare a draft Risk Assessment for the activity and shall bring the draft addressing the legal and financial liabilities and risk management issues that arise to Council for consideration and, if thought appropriate, adoption.
- 18.3. Audit and Governance Committee is responsible for approving the Council's Risk Management Strategy and for reviewing the effectiveness of risk management.

19. Internal Controls

- 19.1. The Council's system of internal control shall cover the following:
- 19.1.1. Appointment of Proper Officers and the Responsible Financial Officer;
 - 19.1.2. Proper book-keeping and financial reporting arrangements;
 - 19.1.3. Financial Regulations including Standing Orders and Payment Controls;
 - 19.1.4. Risk Management arrangements;
 - 19.1.5. Budgetary Controls;
 - 19.1.6. Income Controls;
 - 19.1.7. Petty Cash Controls;
 - 19.1.8. Payroll Controls;

Connah's Quay Financial Regulations (Final) January 2015

- 19.1.9. Capital Controls covering asset management, investment and borrowings
- 19.1.10. Bank Reconciliation;
- 19.1.11. Other areas identified from time to time in risk assessments
- 19.2. In order to promote efficiency, economy and effectiveness, the Council may establish Committees / Scrutiny under terms of reference specifying the objectives of the Committee, its membership, limitation of scope and functions of the Council which are to be delegated.
- 19.3. The accounting records determined by the RFO shall be sufficient to show the Council's transactions and to enable the RFO to ensure that any income and expenditure account, statement of balances or record of receipts and payments (and additional information to be provided or management information requested by the Council from time to time, as the case may be) comply with the Accounts and Audit Regulations. The accounting records determined by the RFO shall in particular contain:
 - 19.3.1. Entries from day to day of all sums of money received and expended by the Council and the matters to which income and expenditure or receipts and payments account relate.
 - 19.3.2. A record of the assets and liabilities of the Council.
 - 19.3.3. 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.
- 19.4. The accounting control systems determined by the RFO shall include:
 - 19.4.1. Procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable, and as accurately and reasonably as possible, to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records.
 - 19.4.2. 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.

Connah's Quay Financial Regulations (Final) January 2015

19.4.3. Measure to ensure that risk is properly managed.

20. Revision of Financial Regulations

20.1. It shall be the duty of the Finance and General Purposes Committee / Council to review the Financial Regulations and to make such amendments to them as are appropriate. The RFO 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.