# FINANCIAL REGULATIONS

## Adopted at the 12 May 2025 Meeting of Council
## Effective from 15 May 2025

**Contents**


1. General ..... 3
2. Risk management and internal control ..... 4
3. Accounts and audit ..... 4
4. Budget and precept ..... 6
5. Procurement ..... 6
6. Banking and payments ..... 8
7. Electronic payments ..... 9
8. Cheque payments ..... 10
9. Payment of salaries and allowances ..... 10
10. Income ..... 10
11. Payments under contracts for building or other construction works ..... 10
12. Assets, properties and estates ..... 11
13. Insurance ..... 11
14. Suspension and revision of Financial Regulations ..... 11

## 1. General

1.1. These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.

1.2. Councillors are expected to follow these regulations and not to entice others to breach them. Failure to follow these regulations brings the office of councillor into disrepute.

1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.

1.4. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. The Clerk has been appointed as RFO and these regulations apply accordingly. 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 control systems;
- ensures the accounting control systems are observed;
- ensures the accounting records are kept up to date;
- seeks economy, efficiency and effectiveness in the use of council resources; and
- produces financial management information as required by the council.

1.5. In these Financial Regulations:

- 'Accounts and Audit Regulations' means the regulations issued under Section 39 of the Public Audit (Wales) Act 2004, or any superseding legislation, and then in force, unless otherwise specified.
- "Approve" refers to an online action, allowing an electronic transaction to take place.
- "Authorise" refers to a decision by the council, or a committee or an officer, to allow something to happen.
- 'Must' refers to a statutory obligation the council cannot change.
- 'Shall' refers to a non-statutory instruction by the council to its members and staff.

1.6. The council must not delegate any decision regarding:

- setting the final budget or the precept (council tax requirement);
- the outcome of a review of the effectiveness of its internal controls
- approving accounting statements;
- approving an annual governance statement;

- borrowing;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations from the internal or external auditors.

1.7. In addition, the council shall:

- determine and regularly review the bank mandate for all council bank accounts;
- authorise any grant or single commitment in excess of £500; notwithstanding the spending limits authorised under Section 5.

2. Risk management and internal control

2.1. The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.

2.2. The Clerk shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.

2.3. When considering any new activity, the Clerk shall, if deemed by them to be necessary, prepare a draft risk assessment including risk management proposals for consideration by the council.

2.4. At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance and Accountability Statement.

2.5. The accounting control systems determined by the RFO must include measures to:

- ensure that risk is appropriately managed;
- ensure the prompt, accurate recording of financial transactions;
- prevent and detect inaccuracy or fraud; and
- allow the reconstitution of any lost records;
- identify the duties of officers dealing with transactions and
- ensure division of responsibilities.

2.6. At least once in each quarter a member other than the Chair shall be appointed to verify bank reconciliations produced by the RFO. The member shall sign and date the reconciliations and the original bank statements as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.

2.7. Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

**3. Accounts and audit**

3.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

3.2. The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonably accuracy at any time. In particular, they must contain:

- day-to-day entries of all sums of money received and expended by the council and the matters to which they relate;
- a record of the assets and liabilities of the council.

3.3. The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.

3.4. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them to the council, within the timescales required by the Accounts and Audit Regulations.

3.5. The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.

3.6. Any officer or member of the council must make available such documents and records as the internal or external auditor consider 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.

3.7. The internal auditor shall be appointed by the council and shall carry out their work to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.

3.8. The council shall ensure that the internal auditor:

- is competent and independent of the financial operations of the council;
- reports to council in writing, on a regular basis with a minimum of one written report during each financial year;
- can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- has no involvement in the management or control of the council.

3.9. Internal auditors may not under any circumstances:

- perform any operational duties for the council;
- initiate or approve accounting transactions;
- provide financial, legal or other advice including in relation to any future 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.

3.10. 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 documents required by Accounts and Audit (Wales) Regulations.

3.11. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

## 4. Budget and precept

4.1. Before setting a precept, the council must calculate its budget requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.

4.2. Budgets for salaries and wages, including employer contributions shall be reviewed by the council at least annually in October for the following financial year.

4.3. No later than October each year, the RFO shall prepare a draft budget with detailed estimates of all income and expenditure for the following financial year, taking account of the lifespan of assets and cost implications of repair or replacement.

4.4. In appropriate cases, each committee (if any) shall review its draft budget and submit any proposed amendments to the council not later than the end of November each year.

4.5. Having considered the proposed budget, the council shall determine its budget requirement by setting a budget. The council shall set a precept for this amount no later than the end of January for the ensuing financial year.

4.6. Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must disclose at the start of the meeting that Section 106 applies to them.

4.7. The RFO shall issue the precept to the billing authority no later than the end of January.

4.8. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.

4.9. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council.

## 5. Procurement

5.1. Members and officers are responsible for obtaining value for money at all times. Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.

5.2. The RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power

being used is reported to the meeting at which the order is authorised and also recorded in the minutes.

5.3. Every contract shall comply with the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.

5.4. For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of the Procurement Act 2023 and the Procurement (Wales) Regulations 2024 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.

5.5. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 6.12) obtain prices as follows:

5.6. For contracts estimated to exceed £1000 including VAT, the Clerk shall seek formal tenders from at least three suppliers.

5.7. For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation[1] regarding the publication of invitations and notices about the award of contracts.

5.8. Where the value is between £300 and £1000 including VAT, the council shall try to obtain 3 estimates, which can include evidence of online prices, or recent prices from regular suppliers.

5.9. For smaller purchases, the council shall seek to achieve value for money.

5.10. Contracts must not be split to avoid compliance with these rules.

5.11. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:

i. specialist services, such as legal professionals acting in disputes;

ii. repairs to, or parts for, existing machinery or equipment;

iii. works, goods or services that constitute an extension of an existing contract;

iv. goods or services that are only available from one supplier or are sold at a fixed price.

5.12. The council shall not be obliged to accept the lowest or any tender, quote or estimate.

5.13. Individual purchases within an agreed budget for that type of expenditure may be authorised by:

- the Clerk or designated councillor, under delegated authority, for any items below £500 excluding VAT.
- the Clerk or designated councillor, in consultation with the Chair, for any items

[1] The Regulations require councils to use the Sell2 Wales website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

below £1000 excluding VAT.

- a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under £5000 excluding VAT.
- the council for all items over £5000;

Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.

5.14. No individual member, or informal group of members may issue an official order, unless instructed to do so in advance by a resolution of the council, or make any contract on behalf of the council.

5.15. In cases of serious risk to the delivery of council services or to public safety on council premises the Clerk, in consultation with the Chair, may authorise expenditure of up to £2000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the council as soon as practicable thereafter.

5.16. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council is satisfied that the necessary funds are available.

5.17. A written instruction 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, along with evidence of receipt of goods.

## 6. Banking and payments

6.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO or Chair and authorised by the council; banking arrangements shall not be delegated to a committee. The council has resolved to bank with Virgin Online banking. The arrangements shall be reviewed annually for security and efficiency.

6.2. The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in any payment, for example by dual online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow the funds to leave the council’s bank.

6.3. All invoices for payment should be examined for arithmetical accuracy and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council.

6.4. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.

6.5. All payments shall be made by online banking or cheque unless the council resolves to use a different payment method.

6.6. The RFO shall have delegated authority to authorise payments in the following circumstances:

i. any payments of up to £500 excluding VAT, within an agreed budget.

ii. payments of up to £2000 excluding VAT in cases of serious risk to the delivery of council services or to public safety on council premises.

iii. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998, or to comply with contractual terms, where the due date for payment is before the next scheduled meeting of the council, where the RFO certifies that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council.

6.7. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. A list of all payments shall be disclosed within the minutes of that meeting.

**7. Electronic payments**

7.1. Where internet banking arrangements are made with any bank, the RFO or Chair shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.

7.2. All authorised signatories shall have access to view the council's bank accounts online.

7.3. No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.

7.4. The RFO or Chair shall set up all items due for payment online. A list of payments for approval shall be sent to two authorised signatories, who shall check the payment details before approving each payment using the online banking system.

7.5. Evidence shall be retained showing which members approved the payment online.

7.6. A full list of all payments made in a month shall be provided to the next council meeting.

7.7. With approval payments may be made by variable direct debit, provided that the instructions are approved online by two authorised members. The approval of the use of each variable direct debit shall be reviewed every year.

7.8. If thought appropriate by the council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are approved online by two members. The approval of the use of a banker's standing order shall be reviewed every year.

7.9. Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.

**8. Cheque payments**

8.1. Cheques or orders for payment in accordance in accordance with a resolution or delegated decision shall be signed by two members.

8.2. A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.

8.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.

**9. Payment of salaries and allowances**

9.1. As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.

9.2. Guidance issued by the Independent Remuneration Panel for Wales in relation to the taxation of councillor allowances must be fully adhered to.

9.3. Salary rates shall be agreed by the council. No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without the prior consent of the council.

9.4. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.

9.5. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.

9.6. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in the monthly accounts sheet.

9.7. Any termination payments shall be supported by a report to the council, setting out a clear business case. Termination payments shall only be authorised by the full council.

**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. The RFO shall ensure that VAT is correctly recorded in the council's accounting software. Any repayment claim under section 33 of the VAT Act 1994 shall be made at least annually, at the end of the financial year.

**11. Payments under contracts for building or other construction works**

11.1. Where contracts provide for payment by instalments the RFO shall maintain a

record of all such payments, which shall be made within the time specified in the contract based on signed certificates from the architect or other consultant engaged to supervise the works.

**12. Assets, properties and estates**

12.1. The Clerk shall ensure that an appropriate and accurate Asset Register is kept up to date, with a record of all properties held by the council, their location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held, in accordance with Accounts and Audit (Wales) Regulations.

12.2. The continued existence of tangible assets shown in the Register shall be verified at least annually.

12.3. No interest in land shall be purchased or otherwise acquired, sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, except where the estimated value of any one item does not exceed £500. In each case a written report shall be provided to council with a full business case.

**13. Insurance**

13.1. The RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the council’s review of risk management.

13.2. The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting. The RFO shall negotiate all claims on the council's insurers.

13.3. 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.

**14. Suspension and revision of Financial Regulations**

14.1. The council shall review these Financial Regulations annually and following any change of clerk or RFO. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.

14.2. The council may, by resolution 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 presented to all members. Suspension does not disapply any legislation or permit the council to act unlawfully.

14.3. The council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.