



# **LLANELLI TOWN COUNCIL**

## **FINANCIAL REGULATIONS**

**APPROVED AT THE TOWN COUNCIL MEETING HELD ON 2<sup>ND</sup>  
SEPTEMBER 2009 [MINUTE NO. 65 REFERS]  
F.R. 6.4 AMENDED 4<sup>TH</sup> APRIL 2012  
(MINUTE 150 REFERS)  
REVIEWED 6<sup>TH</sup> MARCH 2019 (MINUTE NO. 104 REFERS)**

## **LLANELLI TOWN COUNCIL**

### **FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Council at its Meeting held on 2<sup>nd</sup> September 2009

#### **1. GENERAL**

1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council. Financial regulations must be observed in conjunction with the Council's 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.

1.3 The RFO shall be responsible for the production of financial management information.

1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

1.5 The Council shall review at least once a year, prior to approving the Annual Governance Statement, the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts.

#### **2. ANNUAL ESTIMATES**

2.1 Detailed estimates of all income and expenditure for the year shall be prepared each year by the RFO.

2.2 The Joint Standing Committee on Estimates shall review the Estimates not later than the end of February each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved Estimates.

2.3 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 Where it appears that any budget of expenditure may be exceeded or income may not be reached it shall be the duty of the RFO to inform the Building & Finance Committee. The RFO may vire between budget headings where required and report the action to the Building & Finance Committee.

3.3 The RFO shall regularly provide the Building & Finance Committee with a statement of income and expenditure to date under each head of the budgets, comparing actual expenditure against that planned.

3.4 The RFO 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 any budgetary provision for the expenditure, subject to the prior approval of the Chair or Vice-Chair of the relevant Committee and (where on any such occasion it is not the relevant Committee) the Chair and Vice-Chair of the Building and Finance Committee. The RFO shall report the action taken to the next available meeting of the Building and Finance Committee.

3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year, unless specifically earmarked for essential work or identified projects.

3.6 No expenditure shall be incurred in relation to any capital project and any 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.

3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

3.8 Changes in earmarked reserves shall be approved by the Building & Finance Committee as part of the budgetary control process.

#### **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 Accounts and Audit Regulations, appropriate guidance and proper practices.

4.2 The RFO shall complete the annual statement of accounts, annual report and any related documents if 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.

4.3 The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system 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.

4.5 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit (*Wales*) Regulations.

4.6 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission.

4.7 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. The Internal Auditor must demonstrate competence, objectivity and independence, 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.

4.8 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 statement of account required by Public Audit (Wales) Act 2004, or any superseding legislation, and the Accounts and Audit (Wales) Regulations.

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 matter.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Building & Finance Committee. They shall be regularly reviewed for efficiency.

5.2 A schedule of the payments, forming part of the Agenda for the Meeting, shall be prepared by the RFO and be presented to Building and Finance Committee. If the schedule is in order it shall be authorised by a resolution of the Committee and shall be signed by the Chairman of the Meeting.

5.3 Bank transfers, direct debits, Cheques etc. drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed by two members of Council.

## **6. PAYMENT OF ACCOUNTS**

6.1 All payments shall be effected by cheque, BACS, Council credit card or other order drawn on the Council's bankers.

6.2 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.

6.3 All invoices due for payment will be presented with the cheque attached and the invoice marked with the last five digits of the cheque number. Each invoice will have a stamp which will be initialled by the two signing councillors. The invoice will also have a copy of the remittance advice. The completed schedule of cheque payments will be placed at the front of the completed payments for signing by the authorising councillors.

6.4 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading.

6.5 The Council will maintain a cash float of £40. All cash received must be banked intact. Any payments made in cash by the Clerk or RFO shall be refunded on a regular basis, at least quarterly.

## **7. PAYMENT OF SALARIES AND ALLOWANCES**

7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council in line with the extant national pay negotiating agreements.

7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates.

7.3 All claims for payment of expenses must be submitted and duly certified by the RFO, up to the 16<sup>th</sup> day of each month.

7.4 Salaries, wages and member's allowances shall be paid by BACS.

## **8. LOANS AND INVESTMENTS**

8.1 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.

8.2 The Council's Investment Strategy, shall be reviewed on a regular basis (at least annually).

8.3 All investments of money under the control of the Council shall be in the name of the Council.

8.4 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 as to terms and purpose.

8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **9. INCOME**

9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Building & Finance Committee.

9.3 The relevant Committee will review its fees and charges annually, following a report of the RFO.

9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Building and Finance Committee and shall be written off in the year.

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 Personal cheques shall not be cashed out of money held on behalf of the Council.

9.7 The RFO shall promptly complete any VAT Return that is required.

9.8 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.

## **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.

10.2 Order books shall be controlled by the RFO.

10.3 All members and Officers are responsible for obtaining value for money as all times. An officer issuing an official order is to 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 or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.

10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

## **11. CONTRACTS**

11.1 Procedures as to contracts are laid down as follows:

(a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency, provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:

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

(ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;

(iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;

(iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

- (v) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £20,000 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 Town Clerk (or nominated officer) shall ensure that tenders are invited from at least three firms to be taken from the appropriate approved list.
- (c) Tenders may be invited from contractors for capital works listed in Carmarthenshire County Council's Contractor and Consultancy Framework in lieu of the Sell2Wales initiative.
- (d) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- (e) Such invitation to tender shall state the general nature of the intended contract and the Town Clerk (or nominated officer) shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Town Clerk (or nominated officer) in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk (or nominated officer) in the presence of at least one member of Council.
- (g) All details of tender documents issued and returned must be entered into the Tender Book.
- (h) A late tender may be considered if it can be satisfied that there is evidence of posting in time for delivering by the due date in the normal course of post delivery, or the other tenders have not been determined.
- (i) If less than three tenders are received for contracts above £20,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (j) When it is to enter into a contract less than £20,000 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 Town Clerk or RFO (or nominated officer) shall strive to obtain 3 written quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the Clerk or RFO (or nominated officer) shall strive to obtain 3 written or verbal estimates. Otherwise, Regulation 10 (3) above shall apply.
- (k) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

## **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 receipt of 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 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 by 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 in writing by the Council's Consultant Architect before any work has begun, and all such variations, additions or omissions shall be reported to the appropriate Committee as soon as possible.

### **13. PROPERTIES AND ESTATES**

13.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties owned by the Council. The Town Clerk 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, rents payable and purpose for which held in accordance with Accounts and Audit (Wales) Regulations.

13.2 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, save where the estimated value of any one item of tangible movable property does not exceed £50.

13.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, in each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

13.4 No real property (interests in land) shall be purchased or acquired without the authority of the Council. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

13.5 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, possibly in conjunction with a health and safety inspection of assets.

### **14. INSURANCE**

14.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers

14.2 The Town Clerk shall give prompt notification to the RFO, or nominated officer, of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

14.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.



14.4 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.

14.5 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 Council.

## **15. CHARITIES**

15.1 Where the Council is sole trustee of a Charitable body the Town 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 and legislation, or as determined by the Charity Commission. The Town Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

## **16. RISK MANAGEMENT**

16.1 The Town Clerk with the RFO, or nominated officer shall prepare and promote risk management policy statements in respect of all activities of the Council.

16.2 When considering any new activity the Town Clerk and RFO, or nominated officer shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

16.3 The Council shall carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. The minutes shall record such review of the financial risks.

## **17. REVISION OF FINANCIAL REGULATIONS**

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.