

Newcastle Higher Community Council Financial Regulations

These Regulations are based upon model Regulations published by One Voice Wales.

The Clerk to Newcastle Higher Community Council is the Council's Proper Officer and Responsible Financial Officer (RFO). For convenience, these Regulations simply describe the person exercising these roles as "the Clerk."

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I. General

- I.1. These Regulations govern the conduct of financial management by Newcastle Higher Community Council (“the Council”) and may only be amended or varied by resolution of the Council. Financial Regulations are one of the Council’s governing policy documents providing procedural guidance for members and officers. They must be observed in conjunction with the Council’s standing orders and any individual financial Regulations relating to contracts.
- I.2. 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 internal control which facilitates the effective exercise of the Council’s functions, including arrangements for the management of risk.
- I.2. The Council’s accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- I.4. These financial Regulations demonstrate how the Council meets these responsibilities and requirements.
- I.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- I.6. Any wilful breach of these Regulations by an employee will be considered to be an act of gross misconduct.
- I.7. Members of the Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations may bring the office of Councillor into disrepute and may constitute a breach of the Code of Conduct.
- I.8. The Clerk is the Council’s Responsible Financial Officer, who holds a statutory office is appointed by the Council. The Clerk has been appointed as Responsible Financial Officer for this Council and these Regulations will apply accordingly.
- I.9. The Clerk;
 - 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 accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the Council up to date in accordance with proper practices;
 - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the Council.

- I.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments comply with the Accounts and Audit (Wales) Regulations and to prepare additional or management information, as the case may be, to be prepared for the council from time to time.
- I.11. The accounting records determined by the Clerk shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the Council; and 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.
- I.12. The accounting control systems determined by the Clerk shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - 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 Clerk and that the approvals are shown in the accounting records; and
 - measures to ensure that risk is properly managed.
- I.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the precept (Council Tax Requirement);
 - approving accounting statements;
 - approving an annual governance statement;
 - borrowing;
 - writing off bad debts;
 - addressing recommendations in any report from the internal or external auditors, shall be a matter for the full Council only.
- I.14. In addition the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts;
 - approve any grant or a single commitment in excess of £5,000; and
 - in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant Committee in accordance with its terms of reference.
- I.15. In these financial Regulations, references to the Accounts and Audit Regulations or 'the Regulations' shall mean the Regulations issued under the provisions of the Public Audit (Wales) Act 2004, or any superseding legislation, and then in force unless otherwise specified. In these financial Regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability for Local Councils in Wales - A

Practitioners' Guide, available from the websites of One Voice Wales (OVW) and SLCC as appropriate.

2. Accounting & Audit (Internal & External)

- 2.1. All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.
- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member shall be appointed to verify bank reconciliations (for all accounts) produced by the Clerk.
- 2.3. The Clerk shall complete the annual statement of accounts, annual report, and any related documents of 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 Regulations.
- 2.4. 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 Clerk, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6. The internal auditor shall:
 - be competent and independent of the financial operations of the Council;
 - report to Council in writing, on a regular basis with one annual written report during each financial year;
 - to 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.
- 2.7. Internal or external auditors may not under any circumstances:
 - perform any operational duties for the Council;
 - initiate or approve accounting 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.
- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9. The Clerk shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by the Public Audit (Wales) Act 2004.

- 2.10. The Clerk shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

3. Annual Estimates (Budget) & Forward Planning

- 3.1. Each year, the Clerk must, by no later than December prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the relevant committees and the Council.
- 3.2. The Council shall consider annual budget proposals in relation to revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3. The Council shall fix the precept for the ensuing financial year not later than by the end of January each year. The Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

4 Budgetary Control & Authority to Spend

- 4.1 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. Any variance is to be determined by the Council.
- 4.2 Contracts may not be disaggregated to avoid controls imposed by these Regulations.
- 4.3 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.4 Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.5 All budgets are to be reviewed annually for the following financial year and shall be reported to the Council as part of the preparation of the Council's Revenue Estimates.
- 4.6 No expenditure shall be authorised 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.
- 4.7 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.
- 4.8 At each meeting of the Council, the Clerk shall minute a statement of recently made receipts and payments to include: (I) the amount of each receipt or payment (II) a reference number for each receipt or payment (III) details of the payee or payer as appropriate and a short description of each transaction.

5. Banking Arrangements and Authorisation of Payments

- 5.1 The Council's banking arrangements, including the bank mandate, shall be made by the Clerk and approved by the Council. Banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2 Budgetary Control and Authority to Spend shall be in accordance with Regulation 4 above.
- 5.3 Prior to payment, all invoices for payment shall be examined, verified and certified by the Clerk to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents approved expenditure.
- 5.4 The Clerk shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.
- 5.5 Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

6. Instructions for the Making of Payments

- 6.1 The Council will make safe and efficient arrangements for the making of its payments.
- 6.2 Following authorisation under Financial Regulation 4 above, the Clerk shall arrange payment by Cheque
 - (i) Cheques shall be signed by two of the members appointed as signatories by the Council.
 - (ii) To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
 - (iii) If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that member shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question. In most cases, the Councillor should not act as a signatory to such transactions.
 - (iv) To ensure prompt payment and accurate monitoring of the Council's finances, cheques will be presented for authorisation and signature at the next meeting.

7 Payment of Salaries/Employee Matters

- 7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council.

- 7.2 Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions (if required), or similar statutory or discretionary deductions must be made in accordance with payroll records and authorised at quarterly intervals in a Council meeting.
- 7.3 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.
- 7.4 Any termination payments shall be supported by a clear business case and authorised by the Council.

8. Loans & Investments

- 8.1 Where applicable, all borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. It is noted that current Council policy is not to borrow money, no work will be done without the necessary funds in place.

9. Income

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the Clerk and the Clerk shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges at least annually, following a report of the Clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with the minimum of delay.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The Clerk shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually after the financial year end.
- 9.9 Where any significant sums of cash are regularly received by the Council, the Clerk shall take such steps as are agreed by the Council to ensure that, as far as is reasonably practical, 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, and that appropriate care is taken in the security and safety of individuals banking such cash, for example collecting allotment rents.

10. Orders for Work, Goods & Services

- 10.1 An official order, letter or e-mail shall usually be issued for all work, goods and services unless a formal contract is to be prepared. Copies shall be retained.

- 10.2 Where utilised, order books shall be controlled by the Clerk.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, if necessary by obtaining two or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions below.
- 10.4 A member may not issue an official order or make any contract on behalf of the Council.
- 10.5 The Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

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 other than permitted in 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 additional audit work requested of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk shall act after consultation with the Chairman of Council); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
 - b. The full requirements of The Public Contracts Regulations 2015 (“the Regulations”), as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)
 - c. 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. This regulation should be used only in exceptional circumstances.
 - d. Such invitation to tender shall state the general nature of the intended contract and the Clerk 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 Clerk 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.
 - e. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least two member of Council who shall be appointed for this role by the Council.
 - f. Any invitation to tender issued under this regulation shall be subject to the Council’s Standing Orders and shall refer to the terms of the Bribery Act 2010.

g. When it is to enter into a contract of less than £60,000 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 Clerk shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and the Clerk will strive to obtain value for money at all times.

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

i. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

12. Assets, Properties & Estates

12.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The Clerk shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which they are held in accordance with Accounts and Audit Regulations.

12.2 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 £3,000 to be consistent

12.3 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).

12.4 No real property (interests in land) shall be purchased or acquired without the authority of the full 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).

12.5 Subject only to the limit set in Reg. 12.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council with a full business case.

12.6 The Clerk 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.

13. Insurance

13.1 Following the annual risk assessment the Clerk shall effect all insurances and negotiate all claims on the Council's insurers (unless insurance is already in place)

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

- 13.3 The Clerk 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.
- 13.4 All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined [annually] by the Council, or duly delegated committee.

14. Risk Management

- 14.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 14.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

15. Suspension & Revision of Financial Regulations

- 15.1 It shall be the duty of the Council to review these Financial Regulations from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial Regulations.
- 15.2 The Council may, by resolution of the Council 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 drawn up and presented in advance to all members of Council.

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