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## Abertillery and Llanhilleth Community Council Objection to accounts and questions on accounts

I am writing for and on behalf of the Auditor General for Wales in relation to the objection to the 2020-21 accounts of Abertillery and Llanhilleth Community Council (the Council) that you made on 22 February 2024. Your objection letter also included questions. I have assumed these to be questions asked under section 30(2) of the Public Audit (Wales) Act 2004.

I should note that you have written to us on many occasions raising concerns over the annual accounts and the financial management and governance arrangements at the Council, and that your objection was among that correspondence.

Appendix 1 of this letter summarises my audit findings and conclusions in relation to those matters for which you have raised your objection. Appendix 2 provides a response to your questions, where these are not already covered by my response to the issues on which you have made an objection I also set out below my response to your objection and the course of action I have determined to be appropriate based on my findings and conclusions.

In some cases, your individual items of correspondence (letters or emails) raised issues that you had raised in previous correspondence. For ease of reference, I have set out my findings in relation to the specific issues raised rather than addressing each letter/email separately.

I have only considered those matters that are relevant to the Auditor General's functions under the Public Audit (Wales) Act 2004 (the 2004 Act).

Matters related to member conduct and Council administration are matters for the Public Services Ombudsman for Wales. The Ombudsman's website is [www.ombudsman.wales](http://www.ombudsman.wales). The homepage provides a link to advice on how to make a complaint.

## **Requested outcome**

In making your objection, you asked the Auditor General to exercise his statutory functions to:

- issue a report in the public interest to draw attention to these matters; and
- to make an application to the court for a declaration that the expenditure referred to below was contrary to law.

## **Grounds for objection**

You raised the following matters in your objection:

### **Unlawful expenditure – Settlement payment to former clerk**

In December 2020, the Council made a payment of £18,000 to its former clerk. You believe that this payment was unlawful for the following reasons:

- The payment was not approved by the full Council as required by the Council's Financial Regulations.
- The payment has not been properly accounted for by the Council.

### **Unlawful expenditure – Duplicate payment**

The Council made a payment of £16,380.95 to Blaenau Gwent County Borough Council on 26 November 2020. You believe that this payment was unlawful for the following reasons:

- This payment was a duplicate payment and was not authorised by the Council.
- The payment has not been properly accounted for by the Council.

## **Well-being powers and committee terms of reference**

You state that the Council's terms of reference for its committees refer to the Well-Being of Future Generations (Wales) Act 2015, the local well-being plan and the power to promote or improve well-being under the Local Government Act 2000. You note that well-being powers were repealed in May 2022.

You state that the Council is not a qualifying council under the 2015 Act and does not qualify for the general power of competence.

In particular, you note that the PLaCE Committee, People and Communities Committee and the HR Committee apply well-being powers to make recommendations to the Full Council.

## **Approval of monthly finance orders**

You state that the Council does not receive monthly 'Finance Orders' for approval. In particular you highlight that staff costs are not approved before payment. Payments for staff costs are paid to Blaenau Gwent County Borough Council quarterly while staff are paid monthly. You state that if staff costs were approved before payment, then a duplicate payment would not have occurred.

## **Budget setting process**

The Council increased its budget from £240,042 in 2020-21 to £431,131 for 2024-25. You believe that the Council set an unlawful budget due to the following:

- The overall Council budget is made up of individual budgets for various committees established by the Council. The terms of reference for the Council's committees refer to powers to promote or improve economic, social or environmental well-being under the Local Government Act 2000. You note that the well-being powers set out in the 2000 Act were repealed in May 2022.
- The Council budget for Youth Services and 'Off the Streets' increased from £49,000 (2020-21) to £120,000 for 2024-25.
- 2020-21 budget included £3,380 for the Space Café. Expenditure incurred in 2020-21 was £9,951. The Space Café closed in December 2020. In 2021-22 the Council budgeted £40,000 for Space Café – Youth Services (Food Project).

You asked the following questions in relation to budget setting:

- What statutory powers are the Council using to set their budget and spending limits?
- What statutory powers has the Council applied for its expenditure on Youth Services and 'Off the Streets'?
- Is this expenditure subject to the financial limit set in section 137 of the Local Government Act 1972?

In relation to the Space Café, it is unclear from your letter of objection, what the grounds of your objection are. I have assumed that you consider the expenditure to have been unlawful as it related to a facility that had closed during the year.

### **Staffing costs**

You note that the HR Committee decided to increase staff costs by £30,000 per annum in July 2023. The actual increase in expenditure was £50,686.

You consider that this expenditure was unlawful as it was not authorised by the Council and the overspend was breached the budgeted staff costs and therefore the Council breached the requirements set out in the Council's standing orders.

### **Other matters**

In your letter of objection and in your other correspondence, you have also raised a number of other matters including:

#### **Notice of meetings and publication of notes**

You state that the Council did not publish a summons or agenda for the HR committee to shortlist and appoint staff. The HR committee unlawfully delegated power to appoint staff to the Clerk and two members of the HR Committee in contravention of the Council's standing orders.

You note that the Council does not publish notes of its meetings within seven days.

### **Exercise of Auditor General's functions under the 2004 Act**

The following paragraphs set out my decisions regarding your objection.

## **Report in the public interest**

Section 22 of the 2004 Act provides that the Auditor General must consider whether, in the public interest, he should make a report on any matter which comes to his notice in the course of the audit, in order for it to be:

- a. considered by the body, or
- b. brought to the attention of the public.

The decision as to whether or not to issue a report in the public interest is a matter for the sole discretion of the Auditor General. Relevant factors taken into consideration include the quantum of any unlawful item of account or loss, whether there were significant failings in governance, whether the matters that might be the subject of a report are ongoing, whether there has been significant publicity in respect of the issues, whether the Auditor General has recommendations to make to the Council and whether the Auditor General believes that his independent view should be expressed in public.

In making your objection, you requested that the Auditor General issue a report in the public interest to draw attention to the issues you raised.

### **Decision on making a report in the public interest**

Based on my findings set out in Appendix 1, in this instance the matters do not appear to the Auditor General to require such a report. The Auditor General is of the view that a more appropriate mechanism for him to report on issues relating to the Council satisfying itself that it acts within the law, would be his Annual Audit opinion, which he is intending to issue to the Council by xxxx and which will in due course be a public document.

## **Application to the court for a declaration that an item of account is unlawful**

Section 32 of the 2004 Act states that where it appears to the Auditor General that an item of account is contrary to law, he may apply to the court for a declaration that the item is contrary to law. If the Auditor General decides not to make an application for a declaration, he must notify a person who has made an objection under section 31(1)(a) in relation to the item of account of his decision.

Section 32 (6) of the 2004 Act provides that a person notified of the Auditor General's decision may require the Auditor General to state in writing the reasons for his decision within 14 days of being notified of the decision.

In making your objection, you requested that the Auditor General make an application to the court for a declaration that various items of account related to staff costs are contrary to law. These transactions were:

- a payment of £18,000 paid to the Council's former clerk; and
- a duplicate payment of salary costs of £16,380.95 paid to Blaenau Gwent County Borough Council on 26 November 2020.

### **Decision on making an application to the court**

For the purposes of section 32 of the 2004 Act, I have decided not to make an application to the court for a declaration that any item of account is contrary to law.

The following paragraphs state my reasons for this decision and meet my obligation to provide you with a statement of reasons under section 32(6) of the 2004 Act.

### **Statement of reasons**

#### **Settlement payment to the former clerk**

In my opinion, the payment of £18,000 to the Council's former clerk is not contrary to law:

- The payment made was a settlement payment to settle any liability the Council may have incurred as a result of a potential employment claim against the Council. Therefore, it was not a payment made to terminate employment.
- As such, the payment did not require the preparation of a business case under regulation 7 of the Council's Financial Regulations.
- It appears to me that the Human Resources Committee had authority to approve the payment.
- The payment has been accounted for in the 2020-21 accounts.

- Whilst there are deficiencies in how this payment was reported to the Council, I do not consider these to be sufficient to render the payment contrary to law.

### **Duplicate payment**

In my opinion, it is not in the public interest to make an application to the court regarding the duplicate payment in respect of payroll costs made to Blaenau Gwent County Borough Council (Blaenau Gwent):

- The duplicate payment of £16,380.95 was made as a result of an administrative error.
- Although Blaenau Gwent did not refund the duplicated payment, it was offset against the next scheduled payment in February 2021.
- Consequently, whilst there are deficiencies in how the duplicate payment was reported to the Council, the Council did not suffer a loss as a consequence of the duplicate payment being made.
- The payment has been properly accounted for.

### **Appeal to the court**

Under section 32 (7) of the 2004 Act, you may appeal to the court against the Auditor General's decision not to make an application under section 32. You must do this within 28 days starting with the day you receive this letter setting out the Auditor General's decision and his reasons. (The High Court and the county court have jurisdiction for the purposes of section 32 of the 2004 Act.)

Any appeal must be made by filing an appellant's notice in the prescribed form (Form N161) at the Administrative Court Office, Royal Courts of Justice, Strand, London, WC2A 2LL, within 28 days, calculated from the date on which you receive this letter. The procedures relating to statutory appeals are set out in the Civil Procedure Rules 1998 (as amended) and supplemental Practice Directions.

Should you make an appeal, the court has the same powers in relation to the item of account as it would have if the Auditor General had applied to the court.

## Next steps

As I have decided not to issue a report in the public interest or to make an application to the court, I intend to complete the Auditor General's audit and issue the outstanding audit certificates and opinions in not less than 30 working days from today, ie on 30 September. This will allow sufficient time for you to consider whether or not you wish to appeal to the court as set out above.

I do not consider it to be in the public interest to undertake any further audit procedures in relation to these matters. Therefore, subject to any appeal you make to the court, I regard these matters closed, and we will not consider any further correspondence related to them.

## Correspondence process and audit fees

As part of our audit process, we welcome information relevant to our audit functions that members of the public may provide to draw attention to potential financial management and governance issues at local councils. We take such information into account when planning and conducting our audit.

My audit team are dealing with a large number of councils and with other correspondents. When we receive correspondence, we review each item and consider what, if any, audit work is required. The time spent reviewing correspondence and undertaking any additional audit procedures is charged to the relevant council in full in accordance with our Fee Scheme, as required by statute. In most cases, the initial review is done by an audit manager at a current cost of £137 per hour. Additional work may be undertaken by a senior auditor at a cost of £91 per hour.

This means that dealing with large volumes of correspondence at an individual council significantly increases the audit fee charged to the council.

My staff have spent a substantial amount of time reviewing your correspondence and undertaking additional audit work in response to your concerns about the Council. The cost of this additional work is considerable and will be charged to the Council in accordance with the Audit Wales Fee Scheme.

Therefore, I request that in future, it will be helpful if you would refer matters related to administration and member conduct to the Ombudsman rather than my audit team.

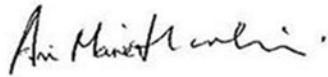
Insofar as matters of concern that fall within the Auditor General's remit, I attach a copy of our correspondence policy and our information leaflet on your rights as a



local elector in Abertillery. These documents set out more detail related to our responsibilities and your rights under the Public Audit (Wales) Act 2004.

I have copied this letter to Abertillery and Llanhilleth Community Council.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ann-Marie Harkin'.

Ann-Marie Harkin  
Executive Director – Audit Services  
For and on behalf of the Auditor General for Wales

# Appendix: Audit findings and conclusions

## Settlement payment to the former clerk

### Issues raised

In relation to the settlement payment of £18,000, you set out that you believe the payment to have been unlawful for the following reasons:

- The payment was not approved by the full Council as required by the Council's Financial Regulations.

### Audit findings

Following a breakdown in relations between the former Clerk and the Council, in November 2020, the former Clerk left the office on sick leave. His employment by the Council was terminated on 31 December 2020 by mutual agreement following the signing of a settlement agreement and a compensation payment to the former Clerk in December 2020.

The payment itself was made by Blaenau Gwent under the terms of its agreement to provide payroll services to the Council. The payment was included in the invoice for payroll costs for the period October 2020 – January 2021.

Regulation 7.7 of the Council's Financial Regulations states:

"7.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council."

The Human Resources Committee (HRC) considered the settlement arrangement on behalf of the Council. The HRC's terms of reference state that the Committee "will exercise on behalf of the council its powers relating to... termination of service... and all similar matters relating to employees... All matters concerning... disputes and consultations with employees and their representatives."

On 01 December 2020, the Council's HRC resolved "that the Chair [of the HRC] in partnership with the Deputy Clerk work together with the Clerks [sic] union representative so that a proposed conclusion could be brought back to the HR Committee as soon as possible for a decision to be made..."

The HRC met again on 8 December 2020. A confidential annex to the minutes of the meeting records that the settlement agreement was ‘duly signed and witnessed, with all the three other members of the HRC also signing the agreement.’

The agreement was signed by the then Chair and the Acting Clerk. A further member signed the agreement as a witness and there are a further three signatures on the agreement. These additional signatures are not identified. The signatures on the agreement are undated.

I am informed that the Public Services Ombudsman for Wales (the Ombudsman) has concluded that this confidential annex was not formally approved as a true record. As this issue has been dealt with by the Ombudsman, I have not considered it in any more detail.

The settlement agreement itself is dated 16 December 2020. It sets out that the former Clerk’s employment terminated by mutual agreement on 31 December 2020 and that both parties had agreed to waive the required notice period. In return for a payment as compensation for loss of office, the former Clerk agreed not to bring any proceedings against the Council in any court or tribunal. The terms of the agreement appear to be standard terms of similar such agreements elsewhere.

In the absence of the then Clerk, the Deputy Clerk under his contract of employment became the Acting Clerk. The Council’s Clerk is the proper officer for the Council and is responsible for the administration of the Council’s business.

The payment itself was not reported to the full Council although the net payment related to the October 2020 – January 2021 payroll costs was reported.

## **Conclusion**

The HRC’s dealing with the dispute and settlement agreement was in accordance with its terms of reference.

The Council’s Financial Regulations appear to deal with situations where establishment posts are being deleted through a voluntary severance or redundancy scheme. In this case, employment was terminated and a settlement payment made to protect the Council from the risk of significant additional costs being incurred from a claim for unfair dismissal being made to an Employment Tribunal.

In my opinion it would have been appropriate for the agreement to have been reported to the full Council in a closed meeting where the Council has resolved to exclude the press and members of the public. However, I understand that due to fractious relationships within the Council, there was a significant risk that details would have been leaked to parties outside of the Council itself. In fact, it is clear from correspondence I have received that such a leak has occurred.

In his role as Acting Clerk, the Deputy Clerk was the appropriate officer to deal with the administration of the agreement and did not have a direct pecuniary interest arising from the negotiation of a settlement agreement with the former Clerk.

Given the above, I do not uphold your objection.

## **Accounting for duplicate payment to Blaenau Gwent County Borough Council and the settlement payment to the former clerk**

### **Issues raised**

You consider that the duplicate payment to Blaenau Gwent and the settlement payment to the former clerk have not been properly accounted for and are therefore contrary to law. You stated that:

- The then acting Clerk made a duplicate payment of £16,380.95 that was not authorised by the Council.
- There is no record of this payment being repaid to the Council.
- The payment was not properly accounted for.

### **Audit findings**

On 26 November 2020, the Council made a payment of £16,380.95 to Blaenau Gwent in relation to payroll costs for the period July – September 2020. This duplicated a payment previously made on 11 November 2020. The cashbook records this as ‘Duplicate staff payment costs’

The duplicate payment arose due to uncertainty around whether or not the former Clerk had made a payment before he left work on sick leave.

In February 2021, the Council's cashbook records that it paid a further £17,561.36 to Blaenau Gwent for payroll costs for the period October 2020 – January 2021. Blaenau Gwent had issued an invoice for £33,942.30. This included the £18,000 settlement payment.

I have reconciled the annual accounting statement for 2020-21 to the Council's cashbook, to ensure that the accounting statement includes the transactions set out above.

While payments have been reported to the council, the Council did not receive a full explanation of the events surrounding the duplicated payment and how this was offset against the invoice received in relation to the October 2020 – January 2021 payroll costs.

## **Conclusion**

The Council's cashbook accurately records the payments made i.e. it records the transactions as they occurred. I therefore do not find that there has been falsification of the accounting records in respect of this matter.

I am satisfied that there was no deliberate duplication of payments and that this arose from an administrative error.

The payment made in February 2021 is the net of the October 2020 – January 2021 payroll costs less the amount of the duplicated payment.

The accounting statement records all staffing costs in full.

Accordingly, while these matters could have been presented more clearly to the Council to explain the events, the transactions themselves have been properly accounted for. Therefore, I do not uphold your objection.

## **Budget setting process**

### **Issues raised**

The Council has significantly increased its budget and precept in recent years. You regarded the increase as unacceptable.

You referred to the budget setting process and questioned why certain items had been included. You expressed concern that the Council had included budget lines for 'well-being' and asked what statutory powers the Council relies on to set its budget.

## **Audit findings**

### **Powers to set a budget and precept**

Section 41 of the Local Government Finance Act 1992 allows the Council to issue a precept and states that a precept issued to billing authority (in this case BGCBC) must state the amount that has been calculated as the Council's budget requirement for the year calculated in accordance with section 50 of the 1992 Act. Section 50 of the 1992 Act requires the Council to calculate:

- Its projected expenditure for the year ahead including an allowance for contingencies.
- The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
- Such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.
- Its estimated receipts for the year ahead (excluding its precept).
- The amount of the financial reserves which the authority estimates that it will use in order to provide for its projected expenditure

The net of the above items is the Council's budget requirement for the year.

We have examined the budget reports presented to the Council by the then Clerk for both the 29 October 2018 and 16 January 2019 meetings. The October 2018 budget was an interim report and was further developed with the amended budget presented to the January 2019 meeting.

The proposal presented by Cllr Oakley proposed a significant 'overhaul' of the budget presented by the Clerk. Cllr Oakley's proposal was to increase the budget requirement and therefore the precept to £234,000.

We have been provided with written notification of a proposed motion to the Council but are unable to conclude when this was submitted. We do however note that attached to the Agenda published on the Council's website, is Cllr Oakley's proposed budget for 2019-20 showing a budget requirement for £234,000.

This Cllr Oakley's proposal was circulated to members via email on 14 January 2019 along with a budget proposal from another member. This means that members received the proposal before the meeting, albeit without the required notice.

The minutes record the discussion held and that the members voted (by majority) to adopt Cllr Oakley's proposals.

Cllr Oakley's proposals included a proposal for additional projects and suggested the Council establish a working group to consider 'detailed costings and firm proposals for projects' to be reported to the Council in March 2019.

I further note that there has been a significant increase in the Council's precept in subsequent years and that it set a precept of £431,131 for 2024-25. I note that the Budget Proposal for 2024-25 is not available on the Council's website via the link attached to the 10 January 2024 meeting.

We therefore examined the budgets presented to the Council for each of the 2019-20 to 2022-23 financial years.

The Council's minutes record that the annual budget is subject to a considerable amount of debate each year. However, the Council does not appear to properly calculate its budget requirement in that it does not explicitly set out how it will finance the excess of its planned expenditure over the precept it determines.

#### **Application of well-being powers**

We agree that the Council's powers regarding well-being as set out in the Local Government Act 2000 have been repealed and that the Council is not currently eligible to adopt the general power of competence.

We have examined the Council's budget to establish if there is a potential for the Council to have acted ultra vires. Notwithstanding that committee terms of reference include reference to well-being powers, the Council only acts ultra vires if it has no specific power and instead relies on the repealed power of well-being. We considered specifically the Space Café and the Off the Streets project.

We found that, as you stated, the Space Café closed in 2020. Subsequently, the Space Café project was merged into the Off the Streets project. Any budget lines referring to the Space Café were therefore related to the Off the Streets project once the Space Café closed.

The Council established the Space Café and the Off the Streets project to help deal with anti-social behaviour in the town. We identified that the Council has statutory powers to undertake such schemes under powers granted by the Local Government and Ratings Act 1997. Section 31 of this Act states:

31.— Crime prevention.

(1) A parish council or community council may, for the detection or prevention of crime in their area—

(a) install and maintain any equipment,

(b) establish and maintain any scheme, or

(c) assist others to install and maintain any equipment or to establish and maintain any scheme.

## **Conclusion**

We note that Cllr Oakley's budget proposal was not circulated to members with three clear days' notice. In addition, the budget does not include firm estimates of projected expenditure related to projects and therefore in my opinion does not meet the requirements of the Local Government Finance Act 1992.

The failure to provide Cllr Oakley's budget to members three clear days before the meeting is a significant deficiency. However, it is clear from the minutes that there was an extensive discussion around the three budget proposals circulated to members.

Overall, while I consider that this matter merits reporting on in my report on the accounts, I do not consider that it merits a report in the public interest.

As regards the Space Café and the Off the Streets project, I consider that section 31 of the Local Government and Rating Act 1997 provides sufficient statutory power for the Council to incur the expenditure.



The Council has not applied the repealed power of well-being and the expenditure is not subject to any statutory limit.

On this basis, I do not uphold your objection and do not consider it necessary to undertake any further action in relation to this issue.

## **Staffing costs**

### **Issues raised**

You state that the additional expenditure of staff costs incurred by the Council following the July 2023 HR Committee meeting was not authorised by the Council and exceeded the budget for 2023-24.

### **Audit findings**

This is an issue for the 2023-24 accounts, the audit for which is ongoing. I will respond to you in relation to this matter when my audit team has completed the 2023-24 audit.

### **Conclusion**

I will consider this issue as part of the 2023-24 audit and respond to you when the audit work is completed.

## **Approval of monthly finance orders**

### **Issues raised**

You state that the Council does not receive monthly 'Finance Orders' for approval. In particular, you highlight that staff costs are not approved before payment. Payments for staff costs are paid to Blaenau Gwent County Borough Council quarterly while staff are paid monthly. You state that if staff costs were approved before payment then a duplicate payment would not have occurred.

## **Audit findings**

We found that the Council has not received 'Finance Orders' for approval on a regular basis for a prolonged period of time.

The Council has admitted that this has been the case and has recently updated its standing orders to reflect the established practice for approval of payments. This includes a procedure for the Finance Committee to review all payments made in the previous month.

## **Conclusion**

The failure to comply with its own procedures is a significant weakness in internal control. However, my examination of the accounts has not identified any irregular payments. Therefore, I consider that it will be appropriate to report on the poor internal control in place at the Council. However, I do not consider that the deficiency is sufficient to report in the public interest.

We will consider the effectiveness of the amended arrangements at a future audit.

## **Administration of council meetings and provision of information**

You have raised concerns over the administration of Council meetings and the Council's failure to publish information in line with statutory requirements.

These are not matters that fall within the remit of the Auditor General.

Matters concerning maladministration are to be considered by the Public Services Ombudsman. Contact details for the Ombudsman can be found at <https://www.ombudsman.wales/>.

Matters concerning the provision of information are matters for the Information Commissioner's Office. Contact details for the Information Commissioner can be found at <https://ico.org.uk/about-the-ico/who-we-are/wales-office>

Cllr Graham White

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**Date issued:** 28 August 2024

Dear Cllr White

## Abertillery and Llanhilleth Community Council - Objection to accounts

I am writing for and on behalf of the Auditor General for Wales in relation to the objection to the 2020-21 accounts of Abertillery and Llanhilleth Community Council (the Council) that you made on 1 August 2022. I should note that you have written to us on many occasions raising concerns over the annual accounts and the financial management and governance arrangements at the Council, and that your objection was among that correspondence.

Appendix 1 of this letter summarises my audit findings and conclusions. I also set out below my response to your objection and the course of action I have determined to be appropriate based on my findings and conclusions.

In some cases, your individual items of correspondence (letters or emails) raised issues that you had raised in previous correspondence. For ease of reference, I have set out my findings in relation to the specific issues raised rather than addressing each letter/email separately.

I have only considered those matters that are relevant to the Auditor General's functions under the Public Audit (Wales) Act 2004 (the 2004 Act).

Matters related to member conduct and Council administration are matters for the Public Services Ombudsman for Wales. The Ombudsman's website is [www.ombudsman.wales](http://www.ombudsman.wales). The homepage provides a link to advice on how to make a complaint.

## Grounds for objection

You raised the following matters in your objection:

### **Unlawful expenditure – Settlement payment to former clerk**

In December 2020, the Council made a payment of £18,000 to its former clerk. You believe that this payment was unlawful for the following reasons:

- The payment was not approved by the full Council as required by the Council's Financial Regulations.
- The settlement agreement was signed on behalf of the Council by the acting Clerk and the then chairman without authorisation by the Council.
- The acting Clerk had a pecuniary interest in negotiations with the former Clerk.
- The payment has not been properly accounted for by the Council.

### **Unlawful expenditure – Duplicate payment**

The Council made a payment of £16,380.95 to Blaenau Gwent County Borough Council on 26 November 2020. You believe that this payment was unlawful for the following reasons:

- This payment was a duplicate payment and was not authorised by the Council.
- The payment has not been properly accounted for by the Council.

### **Budget setting process and the 2019-20 precept**

The Council increased its precept for 2019-20 £112,916 to £234,000. You believe that the Council set an unlawful budget due to failings in the process under which the budget was revised:

- The Clerk presented a budget to the Council for £119,000.
- A member submitted an alternative proposal without providing sufficient notice. The Council approved this amended budget.

## **Other matters**

In your correspondence, you have also raised various other matters.

These include the conduct of the then deputy clerk (now the clerk) in relation to the settlement agreement and the Council's failure to put in place an adequate and effective system of internal audit for the 2020-21 financial year. You also raise issues regarding the administration of the Council's meetings and provision of information in response to your requests.

## **Exercise of Auditor General's functions under the 2004 Act**

The following paragraphs set out my decisions regarding your objection.

### **Report in the public interest**

Section 22 of the 2004 Act provides that the Auditor General must consider whether, in the public interest, he should make a report on any matter which comes to his notice in the course of the audit, in order for it to be:

- a. considered by the body, or
- b. brought to the attention of the public.

The decision as to whether or not to issue a report in the public interest is a matter for the sole discretion of the Auditor General. Relevant factors taken into consideration include the quantum of any unlawful item of account or loss, whether there were significant failings in governance, whether the matters that might be the subject of a report are ongoing, whether there has been significant publicity in respect of the issues, whether the Auditor General has recommendations to make to the Council and whether the Auditor General believes that his independent view should be expressed in public.

In making your objection, you requested that the Auditor General issue a report in the public interest to draw attention to the issues you raised.

### **Decision on making a report in the public interest**

Based on my findings set out in Appendix 1, in this instance the matters do not appear to the Auditor General to require such a report. The Auditor General is of the view that a more appropriate mechanism for him to report on issues relating to the

Council satisfying itself that it acts within the law, would be his Annual Audit opinion, which he is intending to issue to the Council by 30 September and which will in due course be a public document.

## **Application to the court for a declaration that an item of account is unlawful**

Section 32 of the 2004 Act states that where it appears to the Auditor General that an item of account is contrary to law, he may apply to the court for a declaration that the item is contrary to law. If the Auditor General decides not to make an application for a declaration, he must notify a person who has made an objection under section 31(1)(a) in relation to the item of account of his decision.

In making your objection, you requested that the Auditor General make an application to the court for a declaration that various items of account related to staff costs are contrary to law. These transactions were:

- a payment of £18,000 paid to the Council's former clerk; and
- a duplicate payment of salary costs of £16,380.95 paid to Blaenau Gwent County Borough Council on 26 November 2020.

## **Decision on making an application to the court**

For the purposes of section 32 of the 2004 Act, I have decided not to make an application to the court for a declaration that any item of account is contrary to law. The following paragraphs state my reasons for this decision and meet my obligation to provide you with a statement of reasons under section 32(6) of the 2004 Act.

### **Statement of reasons**

#### **Settlement payment to the former clerk**

In my opinion, the payment of £18,000 to the Council's former clerk is not contrary to law:

- The payment made was a settlement payment to settle any liability the Council may have incurred as a result of a potential employment claim against the Council. Therefore, it was not a payment made to terminate employment.

- As such, the payment did not require the preparation of a business case under regulation 7 of the Council's Financial Regulations.
- It appears to me that the Human Resources Committee had authority to approve the payment.
- The payment has been accounted for in the 2020-21 accounts.
- Whilst there are deficiencies in how this payment was reported to the Council, I do not consider these to be sufficient to render the payment contrary to law.

#### **Duplicate payment**

In my opinion, it is not in the public interest to make an application to the court regarding the duplicate payment in respect of payroll costs made to Blaenau Gwent County Borough Council (Blaenau Gwent):

- The duplicate payment of £16,380.95 was made as a result of an administrative error.
- Although Blaenau Gwent did not refund the duplicated payment, it was offset against the next scheduled payment in February 2021.
- Consequently, whilst there are deficiencies in how the duplicate payment was reported to the Council, the Council did not suffer a loss as a consequence of the duplicate payment being made.
- The payment has been properly accounted for.

#### **Appeal to the court**

Under section 32 (7) of the 2004 Act, you may appeal to the court against the Auditor General's decision not to make an application under section 32. You must do this within 28 days starting with the day you receive this letter setting out the Auditor General's decision and his reasons. (The High Court and the county court have jurisdiction for the purposes of section 32 of the 2004 Act.)

Any appeal must be made by filing an appellant's notice in the prescribed form (Form N161) at the Administrative Court Office, Royal Courts of Justice, Strand, London, WC2A 2LL, within 28 days, calculated from the date on which you receive this letter. The procedures relating to statutory appeals are set out in the Civil Procedure Rules 1998 (as amended) and supplemental Practice Directions.

Should you make an appeal, the court has the same powers in relation to the item of account as it would have if the Auditor General had applied to the court.

## **Next steps**

As I have decided not to issue a report in the public interest or to make an application to the court, I intend to complete the Auditor General's audit and issue the outstanding audit certificates and opinions in not less than 30 working days from today, ie on 30 September. This will allow sufficient time for you to consider whether or not you wish to appeal to the court as set out above.

I do not consider it to be in the public interest to undertake any further audit procedures in relation to these matters. Therefore, subject to any appeal you make to the court, I regard these matters closed, and we will not consider any further correspondence related to them.

## **Correspondence process and audit fees**

As part of our audit process, we welcome information relevant to our audit functions that members of the public may provide to draw attention to potential financial management and governance issues at local councils. We take such information into account when planning and conducting our audit.

My audit team has informed me that you have sent a large volume of correspondence in recent years and that you have made numerous telephone calls to my audit managers. I am also aware that you have routinely raise the same issues in your correspondence. In addition, you regularly copy my audit manager into your email correspondence with the Council's members and/or officers.

My audit team are dealing with a large number of councils and with other correspondents. When we receive correspondence, we review each item and consider what, if any, audit work is required. The time spent reviewing correspondence and undertaking any additional audit procedures is charged to the relevant council in full in accordance with our Fee Scheme, as required by statute. In most cases, the initial review is done by an audit manager at a current cost of £137 per hour. Additional work may be undertaken by a senior auditor at a cost of £91 per hour.

This means that dealing with large volumes of correspondence at an individual council significantly increases the audit fee charged to the council.



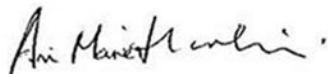
My staff have spent a substantial amount of time reviewing your correspondence, dealing with telephone calls and undertaking additional audit work in response to your concerns about the Council. The cost of this additional work is considerable and will be charged to the Council in accordance with the Audit Wales Fee Scheme.

Therefore, I request that in future you refrain from routinely copying your correspondence with Council members and officers to my audit team. It will also be helpful if you would refer matters related to administration and member conduct to the Ombudsman rather than my audit team.

Insofar as matters of concern that fall within the Auditor General's remit, I attach a copy of our correspondence policy and our information leaflet on your rights as a local elector in Abertillery. These documents set out more detail related to our responsibilities and your rights under the Public Audit (Wales) Act 2004.

I have copied this letter to Abertillery and Llanhilleth Community Council.

Yours sincerely



Ann-Marie Harkin  
Executive Director – Audit Services  
For and on behalf of the Auditor General for Wales

# Appendix: Audit findings and conclusions

## Settlement payment to the former clerk

### Issues raised

In relation to the settlement payment of £18,000, you set out that you believe the payment to have been unlawful for the following reasons:

- The payment was not approved by the full Council as required by the Council's Financial Regulations
- The settlement agreement was signed on behalf of the Council by the acting Clerk and the then chairman without authorisation by the Council.
- The acting Clerk had a pecuniary interest in negotiations with the former Clerk.

### Audit findings

Following a breakdown in relations between the former Clerk and the Council, in November 2020, the former Clerk left the office on sick leave. His employment by the Council was terminated on 31 December 2020 by mutual agreement following the signing of a settlement agreement and a compensation payment to the former Clerk in December 2020.

The payment itself was made by Blaenau Gwent under the terms of its agreement to provide payroll services to the Council. The payment was included in the invoice for payroll costs for the period October 2020 – January 2021.

Regulation 7.7 of the Council's Financial Regulations states:

"7.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council."

The Human Resources Committee (HRC) considered the settlement arrangement on behalf of the Council. The HRC's terms of reference state that the Committee "will exercise on behalf of the council its powers relating to... termination of service... and all similar matters relating to employees... All matters concerning... disputes and consultations with employees and their representatives."

On 1 December 2020, the Council's HRC resolved "that the Chair [of the HRC] in partnership with the Deputy Clerk work together with the Clerks [sic] union representative so that a proposed conclusion could be brought back to the HR Committee as soon as possible for a decision to be made..."

The HRC met again on 8 December 2020. A confidential annex to the minutes of the meeting records that the settlement agreement was 'duly signed and witnessed, with all the three other members of the HRC also signing the agreement.'

The agreement was signed by the then Chair and the Acting Clerk. A further member signed the agreement as a witness and there are a further three signatures on the agreement. These additional signatures are not identified. The signatures on the agreement are undated.

I am informed that the Public Services Ombudsman for Wales (the Ombudsman) has concluded that this confidential annex was not formally approved as a true record. As this issue has been dealt with by the Ombudsman, I have not considered it in any more detail.

The settlement agreement itself is dated 16 December 2020. It sets out that the former Clerk's employment terminated by mutual agreement on 31 December 2020 and that both parties had agreed to waive the required notice period. In return for a payment as compensation for loss of office, the former Clerk agreed not to bring any proceedings against the Council in any court or tribunal. The terms of the agreement appear to be standard terms of similar such agreements elsewhere.

In the absence of the then Clerk, the Deputy Clerk under his contract of employment became the Acting Clerk. The Council's Clerk is the proper officer for the Council and is responsible for the administration of the Council's business.

The payment itself was not reported to the full Council although the net payment related to the October 2020 – January 2021 payroll costs was reported.

## **Conclusion**

The HRC's dealing with the dispute and settlement agreement was in accordance with its terms of reference.

The Council's Financial Regulations appear to deal with situations where establishment posts are being deleted through a voluntary severance or redundancy scheme. In this case, employment was terminated and a settlement payment made to protect the Council from the risk of significant additional costs being incurred from a claim for unfair dismissal being made to an Employment Tribunal.

In my opinion it would have been appropriate for the agreement to have been reported to the full Council in a closed meeting where the Council has resolved to exclude the press and members of the public. However, I understand that due to fractious relationships within the Council, there was a significant risk that details would have been leaked to parties outside of the Council itself. In fact, it is clear from correspondence I have received that such a leak has occurred.

In his role as Acting Clerk, the Deputy Clerk was the appropriate officer to deal with the administration of the agreement and did not have a direct pecuniary interest arising from the negotiation of a settlement agreement with the former Clerk.

Given the above, I do not uphold your objection.

## **Accounting for duplicate payment to Blaenau Gwent County Borough Council and the settlement payment to the former clerk**

### **Issues raised**

You consider that the duplicate payment to Blaenau Gwent and the settlement payment to the former clerk have not been properly accounted for and are therefore contrary to law. You stated that:

- The then acting Clerk decided to make a duplicate payment of £16,380.95 that was not authorised by the Council.
- There is no record of this payment being repaid to the Council.
- The payment was not properly accounted for.

## **Audit findings**

On 26 November 2020, the Council made a payment of £16,380.95 to Blaenau Gwent in relation to payroll costs for the period July – September 2020. This duplicated a payment previously made on 11 November 2020. The cashbook records this as ‘Duplicate staff payment costs’

The duplicate payment arose due to uncertainty around whether or not the former Clerk had made a payment before he left work on sick leave.

In February 2021, the Council’s cashbook records that it paid a further £17,561.36 to Blaenau Gwent for payroll costs for the period October 2020 – January 2021. Blaenau Gwent had issued an invoice for £33,942.30. This included the £18,000 settlement payment.

I have reconciled the annual accounting statement for 2020-21 to the Council’s cashbook, demonstrating that the accounting statement includes the transactions set out above.

While payments have been reported to the council, the Council did not receive a full explanation of the events surrounding the duplicated payment and how this was offset against the invoice received in relation to the October 2020 – January 2021 payroll costs.

## **Conclusion**

The Council’s cashbook accurately records the payments made i.e. it records the transactions as they occurred. I therefore do not find that there has been falsification of the accounting records in respect of this matter.

I am satisfied that there was no deliberate duplication of payments and that this arose from an administrative error.

The payment made in February 2021 is the net of the October 2020 – January 2021 payroll costs less the amount of the duplicated payment.

The accounting statement records all staffing costs in full.

Accordingly, while these matters could have been presented more clearly to the Council to explain the events, the transactions themselves have been properly accounted for. Therefore, I do not uphold your objection.

## Budget setting process and 2019-20 precept

### Issues raised

The Council raised its precept for the 2019-20 financial year from £112,916 to £234,000. You regarded the increase as unacceptable.

You noted that the Council received a draft budget from the then Clerk at its meeting held on 29 October 2018. This budget included a net budget requirement of £119,952. In preparation for the 16 January 2019 meeting, the then Clerk issued a budget report identifying a net budget requirement of £135,300.

You stated that at the 16 January 2019 meeting, Cllr Oakley circulated a further budget proposal with a net budget requirement of £234,000. You state that Cllr Oakley's motion to discuss his proposal was not included in the agenda for the meeting.

### Audit findings

Section 41 of the Local Government Finance Act 1992 allows the Council to issue a precept and states that a precept issued to billing authority (in this case BGCBC) must state the amount that has been calculated as the Council's budget requirement for the year calculated in accordance with section 50 of the 1992 Act. Section 50 of the 1992 Act requires the Council to calculate:

- Its projected expenditure for the year ahead including an allowance for contingencies.
- The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
- Such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.
- Its estimated receipts for the year ahead (excluding its precept).
- The amount of the financial reserves which the authority estimates that it will use in order to provide for its projected expenditure.

The net of the above items is the Council's budget requirement for the year.

We have examined the budget reports presented to the Council by the then Clerk for both the 29 October 2018 and 16 January 2019 meetings. The October 2018 budget was an interim report and was further developed with the amended budget presented to the January 2019 meeting.

The proposal presented by Cllr Oakley proposed a significant 'overhaul' of the budget presented by the Clerk. Cllr Oakley's proposal was to increase the budget requirement and therefore the precept to £234,000.

We have been provided with written notification of a proposed motion to the Council but are unable to conclude when this was submitted. We do however note that attached to the Agenda published on the Council's website, is Cllr Oakley's proposed budget for 2019-20 showing a budget requirement for £234,000.

This Cllr Oakley's proposal was circulated to members via email on 14 January 2019 along with a budget proposal from another member. This means that members received the proposal before the meeting, albeit without the required notice.

The minutes record the discussion held and that the members voted (by majority) to adopt Cllr Oakley's proposals.

Cllr Oakley's proposals included a proposal for additional projects and suggested the Council establish a working group to consider 'detailed costings and firm proposals for projects' to be reported to the Council in March 2019.

I further note that there has been a significant increase in the Council's precept in subsequent years and that it set a precept of £431,131 for 2024-25. I note that the Budget Proposal for 2024-25 is not available on the Council's website via the link attached to the 10 January 2024 meeting.

We therefore examined the budgets presented to the Council for each of the 2019-20 to 2022-23 financial years.

The Council's minutes record that the annual budget is subject to a considerable amount of debate each year. However, the Council does not appear to properly calculate its budget requirement in that it does not explicitly set out how it will finance the excess of its planned expenditure over the precept it determines.

## **Conclusion**

We note that Cllr Oakley's budget proposal was not circulated to members with three clear days' notice. In addition, the budget does not include firm estimates of projected expenditure related to projects and therefore in my opinion does not meet the requirements of the Local Government Finance Act 1992.

The failure to provide Cllr Oakley's budget to members three clear days before the meeting is a significant deficiency. However, it is clear from the minutes that there was an extensive discussion around the three budget proposals circulated to members.

Overall, while I consider that this matter merits reporting on in my report on the accounts, I do not consider that it merits a report in the public interest.

## **Conduct of the Deputy Clerk (now the Clerk)**

### **Issues raised**

You raise the following concerns over the conduct of the then Deputy now current Clerk:

- You allege that the then Deputy Clerk breached the Code of Conduct for officers by failing to declare interests in relation to the settlement payment referred to above.
- You state that in July 2021 the Deputy Clerk misled the internal auditor (IAC Audit and Consultancy Ltd) stating that the Council had appointed an alternative internal auditor when in reality this was not the case.

### **Audit findings**

In relation to a failure to declare a personal interest in the settlement payment to the former clerk, I have set out my audit findings in the paragraphs above. In my opinion the then Deputy Clerk had no personal interest and was acting in the capacity of the Council's proper officer. Given my findings above regarding the settlement payment, I do not consider this point merits further audit work.



The Annual Governance Statement presented for audit states that the Council did not make arrangements for an internal audit for 2020-21.

The Council approved the annual return at its meeting held on 27 April 2022. The minutes of this meeting make clear that there had been no internal audit.

The Council approved the appointment of IAC Audit and Consultancy Ltd (IAC) as its internal auditor in March 2021. The minutes record "Council RESOLVED to appoint IAC Audit & Consultancy Ltd on a 1-year basis and the provision of Internal Audit Services would be reviewed then."

The minutes for the Council's September 2022 meeting record that "the Council had resolved [on 31 March 2021] to appoint IAC Audit for twelve months from April 2021 in order to carry out internal audit of its accounts for 2020-21. However, those accounts had not been closed down until April 2022. No letter of engagement or contract with IAC Audit was entered into by Council and the twelve-month period covered by the resolution of April 2021 had now lapsed."

I have been provided with a copy of email exchanges between the then Clerk and Deputy Clerk and IAC between July 2021 and November 2021. In July 2021, the then Deputy Clerk sent an email to IAC stating that the Council had secured an alternative provider for internal audit for 2020-21.

I have not received a satisfactory explanation for the then Deputy Clerk's email to IAC in July 2021.

## **Conclusion**

It is clear that the Council did not make proper arrangements to secure an adequate and effective system of internal audit for the 2020-21 accounts. However, this has been disclosed in the Annual Governance Statement and so I do not propose to take any further action in respect of this omission.

While I have not received a satisfactory explanation regarding the then Deputy Clerk's email of July 2021, matters concerning the conduct of Council officers are first and foremost for the Council to deal with.

## **Administration of council meetings and provision of information**

You have regularly raised concerns over the administration of Council meetings and the Council's failure to provide you with information you request.

These are not matters that fall within the remit of the Auditor General.

Matters concerning maladministration are to be considered by the Public Services Ombudsman. Contact details for the Ombudsman can be found at <https://www.ombudsman.wales/>.

Matters concerning the provision of information are matters for the Information Commissioner's Office. Contact details for the Information Commissioner can be found at <https://ico.org.uk/about-the-ico/who-we-are/wales-office>.

# **Abertillery & Llanhilleth Community Council**

## **Mission Statement (Draft).**

Abertillery & Llanhilleth Community Council will try to improve our area and the lives of the people and organisations within our area. They will try to improve the environment, wellbeing, and general ethos through projects, grant funding and activities both within the Council and in collaboration with other groups / providers.

This will be done through consultation with the people of the area and the Groups / Organisations / Providers to ensure we provide the most appropriate and cost effective activities and services to the whole of our area.

We will try to be as inclusive as possible providing for young people, older people, working people, unemployed people, disabled people lonely people and organisations wherever possible and will try to reflect this in the membership of the Council as we move forward.

# MODEL FINANCIAL REGULATIONS FOR LOCAL COUNCILS

This Model Financial Regulations template was produced by the National Association of Local Councils (NALC) in April 2024 for the purpose of its member councils and county associations. Every effort has been made to ensure that the contents of this document are correct at time of publication. NALC cannot accept responsibility for errors, omissions and changes to information subsequent to publication.

Notes to assist in the use of this template:

- 1) This document is a model for councils of all sizes to use to develop their own financial regulations, suitable for the size of the council and the activities it undertakes.
- 2) Bold text indicates legal requirements, which a council cannot change or suspend.
- 3) For the rest, each council needs to adapt the model to suit its size and structure. For example, some councils have both a clerk and RFO, possibly with several more staff, while others have a single employee as clerk/RFO. Some councils have committees, some have a high level of delegation and some make all decisions at full council meetings. Many now use online payment methods, but others still rely on cheques.
- 4) Curly brackets indicate words, sentences or sections that can be removed if not applicable, or amended to fit the council's circumstances. An example of this is the phrase {or duly delegated committee}, which can be deleted if there are no committees.
- 5) Specific areas that may need adapting:
  - a) In 1.5 – is the Clerk the RFO?
  - b) In 3.3 and 3.4, the words “Governance and Accountability” do not apply in Wales
  - c) In section 4, does the council have committees and how many years are forecast?
  - d) In 5.6, does the council issue an open invitation to tender, or invite specific firms?
  - e) In 5.9, are online prices acceptable evidence?
  - f) In 5.13, 5.15 and 5.17, does the council have committees?
  - g) In 5.16, will a councillor ever be instructed to place an order?
  - h) In 5.20, is there a minimum level for official orders?
  - i) Section 6 includes several alternatives to cover delegation to committees or to officers, approval of invoices individually or in batches, or for approval of regular contractual payments at the beginning of the year.
  - j) Sections 7, 8 and 9 also includes several alternatives, including wording for where the clerk is a signatory. These are intended to allow a council's financial regulations to fit what they actually do, not to force any council to change what they do.
  - k) Section 10 gives two alternatives, with or without petty cash.
  - l) 13.6 has alternatives for VAT-registered and unregistered councils – only use one.
  - m) 13.7 and 13.8 are removable if they don't apply to the council.

- n) Much of Section 16 can be deleted if not applicable.
  - o) 17.3, is the Clerk the RFO or will the RFO consult the Clerk?
- 6) Square brackets indicate where the council needs to specify who, or how much, or what the timescale is. For example [£500] might need to be £100, or [October] might need to be November, or [the council] might need to say the Policy and Resources Committee.
- a) In 4.1 and 4.7, select the wording for England or Wales, based on your location.
  - b) In Section 4, the council needs to determine the timescale for its budget setting.
- 7) It is challenging to try to offer guidance on setting financial limits. A council spending £1,000 a year is unlikely to delegate authority to spend £500 to its proper officer, but one spending £5 million a year might regard £5,000 as a reasonable limit. Each council needs to determine its own limits, that help, rather than hinder, its operations.
- 8) Key limits to set:
- a) In 5.6, at what limit will the council require a formal tender process to ensure fair competition, rather than just asking for quotes? If this is set too low, it may discourage suppliers. Many small councils might only use formal tenders once every few years.
  - b) In 5.8, at what limit will the council require fixed-price quotes rather than estimates?
  - c) In 5.9, at what level can smaller purchases be made without competition?
  - d) In 5.15, at what level can purchases be made under delegated authority (having complied with the rules about obtaining prices)?
  - e) In 5.18, how much can the clerk commit to spending in an emergency?
  - f) In 6.9, can payment of invoices (for purchases that have already been authorised) be authorised by an officer under delegated authority as a general principle, or only to avoid problems?
  - g) In Section 9, what are the limits for card payments?
  - h) In 16.5, what value of assets can be bought or disposed of, without seeking council approval?
- 9) The contents list is a table that extracts section headings from the document. It can be updated by clicking on the contents list, whereupon a tab saying “update table” appears at the top of the list.
- 10) Once this model has been tailored to fit the council’s needs, the resulting Financial Regulations (with the insertion of the council’s name at the top) should be adopted at a meeting of the full council. The date of adoption should be inserted below the Contents. Any subsequent proposal for amendment should also be made to the full council.
- 11) The council should keep abreast of developments in legislation that affect the local council sector and should review and update its Financial Regulations annually.
- 12) Please ensure that the latest approved version is published on the council’s website.

## [ENTER COUNCIL NAME] FINANCIAL REGULATIONS

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These Financial Regulations were adopted by the council at its meeting held on [enter date].

## 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 employees 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. In these Financial Regulations:
  - 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, 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.
  - 'Proper practices' means those set out in *The Practitioners' Guide*
  - *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
  - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
  - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5. 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.
- 1.6. **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 [£5,000]; and

## **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 [with the RFO] 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 [with the RFO] shall 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 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], and at each financial year end, a member other than the Chair {or a cheque signatory} shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council {Finance Committee}.
- 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 reasonable 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 (with any related documents) 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, or in person, 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 or external 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. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.
- 3.11. 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 the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.
- 3.12. 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 [council tax (England)/budget (Wales)] 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 and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the [Chair of the Council or relevant committee]. {The RFO will inform committees of any salary implications before they consider their draft their budgets.}
- 4.3. No later than [month] each year, the RFO shall prepare a draft budget with detailed estimates of all [receipts and payments/income and expenditure] for the following financial year {along with a forecast for the following [three financial years]}, taking account of the lifespan of assets and cost implications of repair or replacement.
- 4.4. Unspent budgets for completed projects shall not be carried forward to a subsequent year. {Unspent funds for partially completed projects may only be carried forward (by placing them in an earmarked reserve) with the formal approval of the full council.}
- 4.5. Each committee (if any) shall review its draft budget and submit any proposed amendments to the council {finance committee} not later than the end of [November] each year.
- 4.6. The draft budget {with any committee proposals and [three-year]} forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the {finance committee and a recommendation made to the} council.

- 4.7. Having considered the proposed budget and [three-year] forecast, the council shall determine its [council tax (England)/budget (Wales)] 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.
- 4.8. **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 and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.9. The RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed annual budget.
- 4.10. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.11. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council {or relevant committee}.

## 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 these 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 Public Contracts Regulations 2015 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 [£60,000] including VAT, the Clerk shall {seek formal tenders from at least [three] suppliers agreed by [the council]} OR {advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation}. Tenders shall be invited in accordance with Appendix 1.
- 5.7. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation<sup>1</sup> regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**

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<sup>1</sup> The Regulations require councils to use the Contracts Finder 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.

- 5.8. For contracts greater than [£3,000] excluding VAT the Clerk [or RFO] shall seek at least [3] fixed-price quotes;
- 5.9. where the value is between [£500] and [£3,000] excluding VAT, the Clerk [or RFO] shall try to obtain 3 estimates {which might include evidence of online prices, or recent prices from regular suppliers.}
- 5.10. For smaller purchases, [the clerk] shall seek to achieve value for money.
- 5.11. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 5.12. 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.
- 5.13. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the council {or relevant committee}. Avoidance of competition is not a valid reason.
- 5.14. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 5.15. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- [the Clerk], under delegated authority, for any items below [£500] excluding VAT.
  - the Clerk, in consultation with the Chair of the Council {or Chair of the appropriate committee}, for any items below [£2,000] excluding VAT.
  - {a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under [£5,000] excluding VAT}
  - {in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.}
  - the council for all items over [£5,000];
- Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.
- 5.16. 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.
- 5.17. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council {or a duly delegated committee acting within its Terms of Reference} except in an emergency.

- 5.18. In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to [£2,000] 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 Chair as soon as possible and to [the council] as soon as practicable thereafter.
- 5.19. 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 and that where a loan is required, Government borrowing approval has been obtained first.
- 5.20. An official order or letter shall be issued for all work, goods and services {above [£250] excluding VAT} 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.
- 5.21. Any ordering system can be misused and access to them shall be controlled by [the RFO].

## **6. Banking and payments**

- 6.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the council; banking arrangements shall not be delegated to a committee. The council has resolved to bank with [name bank]. 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, analysed to the appropriate expenditure heading and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by [the RFO]. {Where the certification of invoices is done as a batch, this shall include a statement by the RFO that all invoices listed have been 'examined, verified and certified' by the RFO}.
- 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/cheque], in accordance with a resolution of the council {or duly delegated committee}{or a delegated decision by an officer}, unless [the council] resolves to use a different payment method.
- 6.6. {For each financial year [the RFO] may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance

contracts and similar items), which the council {or a duly delegated committee} may authorise in advance for the year}.

- 6.7. {A copy of this schedule of regular payments shall be signed by [two members] on each and every occasion when payment is made - to reduce the risk of duplicate payments.}
- 6.8. {A list of such payments shall be reported to the next appropriate meeting of the council or Finance Committee} for information only.
- 6.9. The Clerk and RFO shall have delegated authority to authorise payments {only} in the following circumstances:
  - i. {any payments of up to [£500] excluding VAT, within an agreed budget}.
  - ii. payments of up to [£2,000] 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 [Clerk and RFO] certify 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 {or finance committee}.
  - iv. Fund transfers within the councils banking arrangements up to the sum of [£10,000], provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee].
- 6.10. 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 {or finance committee}. The council {or committee} shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.

## **7. Electronic payments**

- 7.1. Where internet banking arrangements are made with any bank, [the RFO] shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify [a number of] 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 Service Administrator shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent [by email] to [two] authorised signatories.
- 7.5. In the prolonged absence of the Service Administrator [an authorised signatory] shall set up any payments due before the return of the Service Administrator.
- 7.6. Two [councillors who are] authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.
- 7.7. Evidence shall be retained showing which members approved the payment online {and a printout of the transaction confirming that the payment has been made shall be appended to the invoice for audit purposes}.
- 7.8. A full list of all payments made in a month shall be provided to the next [council] meeting {and appended to the minutes}.
- 7.9. With the approval of [the council] in each case, regular payments (such as gas, electricity, telephone, broadband, water, National Non-Domestic Rates, refuse collection, pension contributions and HMRC payments) may be made by variable direct debit, provided that the instructions are [signed/approved online] by [two authorised members]. The approval of the use of each variable direct debit shall be reviewed by [the council] at least every two years.
- 7.10. Payment may be made by BACS or CHAPS by resolution of [the council] provided that each payment is approved online by [two authorised bank signatories], evidence is retained and any payments are reported to [the council] at the next meeting. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 7.11. If thought appropriate by the council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed {or approved online} by [two members], evidence of this is retained and any payments are reported to council when made. The approval of the use of a banker's standing order shall be reviewed by [the council] at least every two years.
- 7.12. Account details for suppliers may only be changed upon written notification by the supplier verified by [two of] the Clerk and [the RFO] [a member]. This is a potential area for fraud and the individuals involved should ensure that any change is genuine. Data held should be checked with suppliers every [two years].
- 7.13. 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.
- 7.14. Remembered password facilities {other than secure password stores requiring separate identity verification} should not be used on any computer used for council banking.

## **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]{and countersigned by the Clerk}.
- 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.
- 8.4. {Cheques or orders for payment shall not normally be presented for signature other than at, or immediately before or after a council {or committee} meeting}. Any signatures obtained away from council meetings shall be reported to the council {or Finance Committee} at the next convenient meeting.

## **9. Payment cards**

- 9.1. Any Debit Card issued for use will be specifically restricted to [the Clerk and the RFO] and will also be restricted to a single transaction maximum value of [£500] unless authorised by council or finance committee in writing before any order is placed.
- 9.2. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by [the council]. Transactions and purchases made will be reported to [the council] and authority for topping-up shall be at the discretion of [the council].
- 9.3. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk {and RFO} {specify other officers} and any balance shall be paid in full each month.
- 9.4. Personal credit or debit cards of members or staff shall not be used {under any circumstances.} OR {except for expenses of up to [£250] including VAT, incurred in accordance with council policy.}

## **10. Petty Cash**

- 10.1. {The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk [or RFO] (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.} **OR** {The RFO shall maintain a petty cash [float/imprest account] of [£250] and may provide petty cash to officers for the purpose of defraying operational and other expenses.
  - a) Vouchers for payments made from petty cash shall be kept, along with receipts to substantiate every payment.
  - b) Cash income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - c) Payments to maintain the petty cash float shall be shown separately on any schedule of payments presented for approval.}

## **11. Payment of salaries and allowances**



- 11.1. As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**
- 11.2. Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 11.3. Salary rates shall be agreed by the council, or a duly delegated committee. 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 {or relevant committee}.
- 11.4. 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.
- 11.5. 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.
- 11.6. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook. Payroll reports will be reviewed by [the finance committee] to ensure that the correct payments have been made.
- 11.7. 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.
- 11.8. Before employing interim staff, the council must consider a full business case.

## **12. Loans and investments**

- 12.1. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full council and recorded in the minutes. All borrowing shall be in the name of the council, after obtaining any necessary approval.
- 12.2. Any financial arrangement which does not require formal borrowing approval from the [Secretary of State/Welsh Assembly Government] (such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year) must be authorised by the full council, following a written report on the value for money of the proposed transaction.
- 12.3. The council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 12.4. All investment of money under the control of the council shall be in the name of the council.
- 12.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

12.6. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

### **13. Income**

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

13.2. The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. [The RFO] shall be responsible for the collection of all amounts due to the council.

13.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council by [the RFO] and shall be written off in the year. The council's approval shall be shown in the accounting records.

13.4. All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.

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

13.6. {The RFO shall ensure that VAT is correctly recorded in the council's accounting software software and that any VAT Return required is submitted form the software by the due date}. OR {Any repayment claim under section 33 of the VAT Act 1994 shall be made {quarterly where the claim exceeds [£100] and} at least annually at the end of the financial year.}

13.7. {Where significant sums of cash are regularly received by the council, the RFO shall 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 record such as ticket issues, and that appropriate care is taken for the security and safety of individuals banking such cash.}

13.8. {Any income that is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting.}

### **14. Payments under contracts for building or other construction works**

14.1. 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.

14.2. Any variation of, addition to or omission from a contract must be authorised by [the Clerk] to the contractor in writing, with the council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

### **15. Stores and equipment**

- 15.1. {[The officer in charge of each section] shall be responsible for the care and custody of stores and equipment [in that section].}
- 15.2. 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.
- 15.3. {Stocks shall be kept at the minimum levels consistent with operational requirements.}
- 15.4. {The RFO shall be responsible for periodic checks of stocks and stores, at least annually.}

## **16. Assets, properties and estates**

- 16.1. The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.
- 16.2. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments 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 Regulations.
- 16.3. 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.
- 16.4. 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. In each case a written report 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 where 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.

## **17. Insurance**

- 17.1. 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.
- 17.2. The Clerk shall give prompt notification to [the RFO] of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 17.3. 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 {in consultation with the Clerk}.

17.4. 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.

## **18. [Charities]**

18.1. Where the council is sole managing trustee of a charitable body the 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 Clerk and RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.]

## **19. Suspension and revision of Financial Regulations**

19.1. 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.

19.2. 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.

19.3. 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.

## **Appendix 1 - Tender process**

- 1) Any 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.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, 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. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
- 6) Where 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, 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.

### **Process for Paying Invoices via BACS (instant payment)**

1. Invoice received
2. Invoice checked and date stamped as received by the RFO (Steve)
3. Invoice filed in the front of the invoice folder and minutes/documents confirming the payment decision are attached (if required/available)
4. Once a week, usually a Friday, the unpaid invoices are removed ready for processing the payment
5. The Officers will login to Unity bank – each Officer has their own login details
6. Enter the payee/beneficiary information – account name, number & sort code and amount to be paid
7. Unity will check the account information matches and if there are any queries, we go back and double-check the details we hold. Unity will send us a one-time code to ensure it's us requesting the payment for a new beneficiary/payee.
8. We can choose to save the beneficiary/payee so that if we pay them again, we will not require a one-time pass code
9. The invoice will have the date of the authorisation request written on it and filed back at the front of the folder
10. This payment is then paused until it has been authorised. We have four signatories and two of them are required to authorise a payment.
11. A copy of each invoice along with any supporting documents (i.e. minutes confirming the decision) is emailed to all four signatories – Currently Barrie, Nick, Rob and Tracey.
12. The signatories will need to log into Unity (they all have their own login information) and authorise the payment before it is released to the payee.
13. The signatories will email the clerks once they have authorised the payment and the clerk can login to Unity to check the payment has been authorised and left our account
14. Once this has been confirmed, the 'paid' date will be written on the invoice and the invoice returned to the folder awaiting to be logged on Rialtas
15. Once the invoice has been logged onto Rialtas, it is then filed away under the corresponding letter i.e. P for Pentref Tyleri.

### **Process for Paying Direct Debit**

1. The invoice is checked and date stamped as received by the RFO (Steve)
2. Invoice is filed in the front of the invoice folder where it will stay until the payment date has arrived/passed
3. We then login to Unity to check the payment has been processed and return to the folder where it waits to be logged onto Rialtas
4. Once the invoice has been logged onto Rialtas, it is then filed away under the corresponding letter i.e. W for Welsh Water.



## **Abertillery and Llanhilleth Community Council (ALCC)**

### **Ward Grant Application**

(see criteria and process attached before applying)

Name and Address of group, organisation or project:

Group Contact name: .....

Role in the group: .....

Telephone number: .....

Email: .....

**What are the aims of the group or project?** .....

.....  
.....

**How does the group / project benefit the Abertillery and Llanhilleth area or its residents?** .....

.....  
.....

**Approx number of beneficiaries** .....

Is the organisation a: Charity/community group/sports club/company/not for profit business/other (explain and provide evidence)

.....  
.....  
.....

Amount requested: .....

Payee name: .....

Name of Councillor making the application:

Print Name: .....

Signed: .....

Date: .....

Please return this form with any relevant supporting documents (group constitution, financial statements, letters of support etc.) to: Town Clerk, Abertillery and Llanhilleth Community Council, Mitre Street, Abertillery, NP13 1AE or to [clerk@abertilleryandllanhilleth-wcc.gov.uk](mailto:clerk@abertilleryandllanhilleth-wcc.gov.uk)





## **Abertillery and Llanhilleth Community Council (ALCC)**

### **What are Ward Grants?**

1. Ward Grants are to help local communities and organisations improve the well-being of local people. A Ward Grant will only be made if there is a clear economic, social or environmental well-being benefit to residents of the ALCC area.
2. The organisation must usually be based in, operate substantially in, or serve people mainly in the ward for which the Councillor concerned is responsible. Otherwise, it must be an organisation which serves people in the whole of the ALCC area.
3. The Council places a high value on voluntary and community service.
4. No Ward Grants will be made to professional or commercial clubs or organisations, companies, businesses or other enterprises which aim to make a profit. Ward Grants will only be made to enterprises if they are not for profit and if any surplus generated by the enterprise is reinvested into improving local communities or local community facilities.
5. Organisations such as sports clubs or parks which have become companies in order to manage or run community facilities under Community Asset Transfers may be considered for Ward Grants.
6. Ward Grants may not be used to fund national charities or organisations under any circumstances.

### **How does the Ward Grants process work?**

1. An ALCC Councillor may apply for ward grants to be given to groups or organisations based or located in their ward. They may also apply for ward grants for groups or organisations based or located outside their ward – if the group or organisation has a multi-ward or whole-area benefit (e.g. the Museum Trust, Hospice of the Valleys, choirs, bands, drama groups, sports clubs etc) (this list is not exhaustive).
2. Councillors must declare any personal or prejudicial interests in ward grants under the Code of Conduct in the same way as any other matter or business.
3. The total budget available will be £200 per year, per councillor, for this purpose.
4. If a ward councillor's £200 allocation has been spent and they then cease to be a councillor, that allocation will not be available again (to any new councillor for that ward) until the following financial year.
5. The minimum Ward Grant will be £50. The maximum Ward Grant will be £200.
6. All Ward Grant applications must be made by Councillors using the Ward Grant Application form and include the required details, prior to their consideration.
7. All applications for Ward Grants will be considered by the Finance and Grants Committee.
8. The Finance and Grants Committee will be able to approve (but not refuse) ward grant applications.

9. The councillor making the application may be required to make the case for approval of the Ward Grant at the Finance and Grants Committee meeting.
10. If the Finance and Grants Committee is minded to refuse a Ward Grant application, the application must be referred to the Council for a decision.
11. The Finance and Grants Committee should consider Ward Grant applications no more than four times a year; intended to be in April, June, November and January. Any applications submitted after a relevant deadline will be held over and not considered until the following meeting.
12. Any Ward Grant must be publicised appropriately by the receiving organisation (e.g. on its website, social media pages or posters/programmes). If appropriate publicity is not given, the organisation concerned will receive no further funding from ALCC.
13. The Council may at any time require any and all such evidence it decides that a Ward Grant given previously has been spent in the manner for which it was intended.

This version was adopted at the Council meeting on 29 January 2020