

TRUSTEE (Llanfair Caereinion Town Council) FOR

RECREATION GROUND & PLAYING FIELD (Mount Field) FINANCIAL REGULATIONS Charity number 524414

1. General

- 1.1. These Financial Regulations govern the conduct of financial management by Llanfair Caereinion Town Council as Trustee and may only be amended or varied by resolution of the Trustee. Financial Regulations are one of the Trusts governing policy documents providing procedural guidance for members and officers. Financial Regulations must be observed in conjunction with the Charity Commission rules and any individual Financial Regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management for the Trust is adequate and effective and that the Trust has a sound system of internal control which facilitates the effective exercise of the Trust's functions, including arrangements for the management of risk.
- 1.3. The Trust's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These Financial Regulations demonstrate how the Trust meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Trustee must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. A deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. The Trust is expected to follow the instructions within these Regulations and not to entice employees or Members of the Council to breach them.
- 1.8. The Responsible Financial Officer for the Trust (TRFO) is to be appointed by the Council.
- 1.9. The TRFO;
 - acts under the policy direction of the Trustee;
 - administers the Trust's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the Trust its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;

- maintains the accounting records of the Trust up to date in accordance with proper practices;
- assists the Trust to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the Trust.

1.10. The accounting records determined by the TRFO shall be sufficient to show and explain the Trust's transactions and to enable the TRFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Trust from time to time comply with the Accounts and Audit Regulations.

1.11. The accounting records determined by the TRFO shall in particular contain:

- entries from day to day of all sums of money received and expended by the Trust and the matters to which the income and expenditure or receipts and payments account relate;
- a record of the assets and liabilities of the Trust; and
- wherever relevant, a record of the Trust's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.12. The accounting control systems determined by the TRFO shall include:

- procedures to ensure that the financial transactions of the Trust are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions. The principle of separation of duties will be observed wherever possible in respect of financial transactions;
- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the TRFO and that the approvals are shown in the accounting records; and
- measures to ensure that risk is properly managed.

1.13. The Trust is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the annual budget;
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- addressing recommendations in any report from the internal or external auditors, shall be a matter for the Trust only.

- 1.14. In addition the Trust must:
- determine and keep under regular review the bank mandate for all Trust bank accounts;
 - approve any grant in excess of £1,000; and
 - in respect of any annual salary for any employee have regard to recommendations about annual salaries of employees made by the Trustee.

- 1.15. In these Financial Regulations, references to the Accounts and Audit Regulations or ‘the regulations’ shall mean the regulations in place at the time by the Charity Commission.

2. Accounting & Audit (Internal)

- 2.1. All accounting procedures and financial records of the Trust shall be determined by the TRFO in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices for Charities.

- 2.2. Annually the internal auditor will be asked, as part of the audit, to check the accounts and procedures with such report issued to the Trust.

- 2.3. The TRFO shall complete the annual statement of accounts, annual report, and any related documents of the Trust contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Trust within the timescales set by the Charity Commission.

- 2.4. The Trust shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Trust to be necessary for the purpose of the audit and shall, as directed by the Trust, supply the TRFO or internal auditor with such information and explanation as the Trust considers necessary for that purpose.

The Trust’s system of internal controls shall cover the following:

- 2.4.1. Appointment of the Trusts Responsible Financial Officer
- 2.4.2. Proper book-keeping and financial reporting arrangements
- 2.4.3. Payment Controls (including use of Internet Banking)
- 2.4.4. Risk Management Arrangements
- 2.4.5. Budgetary Controls
- 2.4.6. Income Controls
- 2.4.7. Petty Cash Controls
- 2.4.8. Payroll Controls (where required)
- 2.4.9. Capital Controls (covering asset management, investment & borrowings)
- 2.4.10. Bank Reconciliation
- 2.4.11. Other areas identified from time to time in risk assessments

- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Trust in accordance with proper practices.
- 2.6. The internal auditor shall:
- be competent and independent of the financial operations of Llanfair Caereinion Town Council;
 - report to the Trustee in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the Trust.
- 2.7. Internal auditors may not under any circumstances:
- perform any operational duties for the Trust or Llanfair Caereinion Town Council;
 - initiate or approve accounting transactions; or
 - direct the activities of any employee, except to the extent those employees have been appropriately assigned to assist the internal auditor.
- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9. The TRFO shall, without undue delay, bring to the attention of the Trustee any correspondence or report from the internal auditor.

3. Annual Budget

- 3.1. The TRFO must each year, by no later than the November meeting of Trustee prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Trustee.
- 3.2. The Trustee shall consider annual budget recommendations revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3. The approved annual budget shall form the basis of financial control for the ensuing year.

4. Budgetary Control & Authority to Spend

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- the Trustee for all items over £1,000;
 - the TRFO, in conjunction with Chairman of the Trust, for any items from £500 up to £1,000.
 - The RFO may authorise payments up to £500 that are identified in the budget.

Such authority is to be evidenced by a Minute or by an authorisation stamp duly signed by the TRFO, and where necessary also by the appropriate Chairman. Contracts may not be disaggregated to avoid controls imposed by these regulations.

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Trustee.
- 4.3. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Trustee is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.4. All capital works shall be administered in accordance with the Trustee's directions.
- 4.5. The TRFO shall regularly provide the Trust with a summary of receipts and payments to date under each heading of the budget, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of 15% of the budget.
- 4.6. Changes in earmarked reserves shall be approved by Trustee as part of the budgetary control process.

5. Banking Arrangements & Authorisation of Payments

- 5.1. The Trusts banking arrangements, including the bank mandate, shall be made by the TRFO and approved by the Trustee; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The TRFO shall prepare a schedule of payments requiring authorisation by two of the Council's Authorised Signatories. The two Authorised Signatories shall review the schedule for compliance and, having satisfied themselves shall authorise payment by signing the schedule. This shall be deemed as authorisation by the TRFO to activate electronic payments using the Council's Electronic Banking System.
- 5.3. All invoices for payment shall be examined, verified and certified by the TRFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Trustee.
- 5.4. The TRFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The TRFO shall take all steps to pay all invoices submitted.
- 5.5. The TRFO (with the exception of 4.5 above) shall have delegated authority to authorise the payment of items only in the following circumstances:
 - a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998;
 - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Trust.

- 5.6. In respect of grants the Trustee shall approve expenditure within any limits set by it and in accordance with any Policy statement approved by Trustee. Any Revenue or Capital Grant in excess of £1,000 shall before payment, be subject to ratification by resolution of the Trust.
- 5.7. The Trustee is subject to the Code of Conduct as set out by the Charity Commission.
- 5.8. The TRFO shall retain a file with details of all suppliers whose invoices are paid electronically.
- 5.9. The operational parameters of any further accounts to be operated by the Trust shall be set by the Trustee. Accounts that are operated by the Trustee and on which officers are signatories shall be operated on an imprest basis at a figure to be set and reviewed as necessary by the Trustee.
- 5.10. Transfers between any accounts (except on any account on which the officers are signatories) and the current account may be affected by the usual signatory arrangements.
- 5.11. Bank statements shall be received on a regular basis and reconciled with the Trust's Cash Book.
- 5.12. Any funds not required to defray immediate expenses shall be held in accounts to maximise interest received commensurate with accessibility of funds, reliability of institution and need for liquidity.

6. Instructions for the Making of Payments

- 6.1. The Trustee will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the Council and the TRFO shall give instruction that a payment shall be made.
- 6.3. Payments shall be effected by cheque or other instructions to the Trustee's bankers, or otherwise, in accordance with a resolution of Trust.
- 6.4. In the event that payment is required by cheque those shall be signed by two signatories and the TRFO.
- 6.5. If thought appropriate by the Council, payment of accounts may be made by variable Direct Debit provided that the instructions are signed by two members & the TRFO and any payments are reported to the Trustee.
- 6.6. If thought appropriate by the Trustee, (payment for certain items) may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two members & the TRFO are retained and any payments are reported to Trustee as made.

- 6.7. If thought appropriate by the Trustee, payment for certain items may be made by Electronic Methods such as Online Banking, BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories & the TRFO are retained and any payments are reported to Trustee as made. The approval of the use of electronic banking shall be renewed by resolution of the Trustee annually.
- 6.8. If thought appropriate by the Trustee payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.9. No-one shall disclose any PIN or password, relevant to the working of the Trust or its bank accounts, to any person not authorised in writing by the Trustee.
- 6.10. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.11. The Trustee, and any members using computers for the Trust's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.12. Where internet banking arrangements are made with any bank, the TRFO shall be appointed as the Service Administrators. The Bank Mandate approved by the Trustee shall identify a number of persons who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.13. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Trustee banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.14. Changes to account detail suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by of the TRFO or a Bank Signatory.
- 6.15. Any Debit Card issued for use will be specifically restricted to the TRFO and will also be restricted to a single transaction maximum value of £500 unless authorised by the Trustee in writing before any order is placed.
- 6.16. A pre-paid debit card may be issued to the TRFO with varying limits. These limits will be set by the Trustee. Transactions and purchases made will be reported to the Trustee and authority for topping-up shall be at the discretion of the Trustee.

- 6.17. Any corporate credit card or trade card account opened by the Trust will be specifically restricted to use/sanctioned use by the TRFO and shall be subject to automatic payment in full at each month-end.
- 6.18. The TRFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Trustee with a claim for reimbursement.
- a) The TRFO shall maintain a petty cash float of £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - b) 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 the schedule of payments presented to Council under 5.2 above.

7. Loans & Investments

- 7.1. All borrowings shall be affected in the name of the Trustee, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Trustee as to terms and purpose. The application for Borrowing Approval, and subsequent arrangements for the Loan shall only be approved by the Charity Commission.
- 7.2. All loans and investments shall be negotiated in the name of the Trustee and shall be for a set period in accordance with Trust policy.
- 7.3. All investments of money under the control of the Trustee shall be in the name of the Trustee.
- 7.4. All investment certificates and other documents relating thereto shall be retained in the custody of the TRFO.

8. Income

- 8.1. The collection of all sums due to the Trustee shall be the responsibility of and under the supervision of the TRFO.
- 8.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Trustee, notified to the TRFO and the TRFO shall be responsible for the collection of all accounts due to the Trustee.
- 8.3. The Trustee will review all fees and charges at least annually, following a report of the TRFO.
- 8.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Trustee and shall be written off in the year.

- 8.5. All sums received on behalf of the Trustee shall be banked intact as directed by the TRFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the TRFO considers necessary.
- 8.6. The origin of each receipt shall be entered on the paying-in slip.
- 8.7. Personal cheques shall not be cashed out of money held on behalf of the Trust.
- 8.8. Where any significant sums of cash are regularly received by the Council, the TRFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 8.9. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account.

9. Orders for Work, Goods & Services

- 9.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 9.2. Order books shall be controlled by the TRFO, using an appropriate accounts book.
- 9.3. The TRFO is responsible for obtaining value for money at all times. The TRFO issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations except for smaller sums ie Under £1,000.

10. Contracts

- 10.1. Procedures as to contracts are laid down as follows:
- a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:
 - i. for the supply of gas, electricity, water, sewerage and telephone services;
 - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - v. for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Town TRFO shall act after consultation with the Trustee); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

- b. When applications are made to waive Financial Regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Trustee.
- c. Such invitation to tender shall state the general nature of the intended contract and the TRFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the TRFO in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- d. All sealed tenders shall be opened at the same time on the prescribed date by the TRFO in the presence of the Trustee.
- e. If less than three tenders are received for contracts above £5,000 or if all the tenders are identical the Trustee may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- f. Any invitation to tender issued under this regulation shall be subject to Standing Order 18, and shall refer to the terms of the Bribery Act 2010.
- g. Contractors shall be sought in line with the Trusts Procurement Policy.
- h. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- i. Should it occur that the Trustee does not accept any tender, quote or estimate, the work is not allocated and the Trustee requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

11. Payments under Contracts for Building or other Construction Works

- 11.1. Payments on account of the contract sum shall be made within the time specified in the contract by the TRFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 11.2. Where contracts provide for payment by instalments the TRFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Trustee.
- 11.3. Any variation to a contract or addition to or omission from a contract must be approved by the Trustee and TRFO.

12. Stores & Equipment

- 12.1. The Trustee shall be responsible for the care and custody of stores and equipment in that section.
- 12.2. 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.
- 12.3. Stocks shall be kept at the minimum levels consistent with operational requirements.

13. Assets, Properties & Estates

- 13.1. The TRFO shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Trust. The TRFO shall ensure a record is maintained of all properties held by the Trust, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 13.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Trustee, together with any other consents required by Charity Law.
- 13.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Charity Commission, together with any other consents required by law. In each case a Report in writing shall be provided to Trustee in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case.
- 13.4. No real property (interests in land) shall be purchased or acquired without the authority of the Trustee. In each case a Report in writing shall be provided to Trustee in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case.
- 13.5. Subject only to the limit set in Reg. 14.2 no tangible moveable property shall be purchased or acquired without the authority of the Charity Commission. In each case a Report in writing shall be provided to Trustee with a full business case.
- 13.6. The TRFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

14. Insurance

- 14.1. Following the annual risk assessment, the TRFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2. The TRFO shall give prompt notification to the Trustee of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

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

14.4. The TRFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Trustee at the next available meeting.

15. Risk Management

15.1. The Trust is responsible for putting in place arrangements for the management of risk. The TRFO shall prepare, for approval by the Trustee, risk management policy statements in respect of all activities of the Trust. Risk policy statements and consequential risk management arrangements shall be reviewed by the Trustee at least annually.

15.2. When considering any new activity, the TRFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Trustee.

16. Suspension & Revision of Financial Regulations

16.1. It shall be the duty of the trustee to review the Financial Regulations of the Trust from time to time. The TRFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Trustee of any requirement for a consequential amendment to these financial regulations.

16.2. The Trustee may, by resolution of the Trust duly notified prior to the relevant meeting of Trust, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to the Trustee.

Robert A Robinson MBE FRICS
Trust Responsible Financial Officer
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