

**NOTE TO: HENNOCK PARISH COUNCILLORS**

**FROM: HELEN REYNOLDS, CLERK TO THE PARISH COUNCIL**

**RE: ADOPTION OF NALC'S MODEL FINANCIAL REGULATIONS 2019 – THIS NOTE DETAILS PROPOSED AMENDMENTS MADE BY THE CLERK FOR THE COUNCIL TO CONSIDER AT ITS MEETING ON 12<sup>TH</sup> MAY 2020 WITH A VIEW TO ADOPTING THE FINANCIAL REGULATIONS AT THAT MEETING**

**DATE: 27<sup>TH</sup> APRIL 2020**

**PROPOSED MATERIAL AMENDMENTS:**

1.8. ~~The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.~~

1.14. In addition, the council must:

approve any grant or a single commitment in excess of ~~£500~~ **£5,000**;

*N.B. The existing Financial Regulations state that where the value is below £500 there will be no requirement to obtain three quotations and the Clerk has authority to agree payments up to £500 which are within the Council's agreed budget.*

2.2. On a regular basis, at least once in each quarter, and at each financial year end, ~~a nominated member of the public - member other than the Chairman [or a cheque signatory]~~ shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

*N.B. Lyn Harris (previously a Parish Councillor who has finance experience) undertakes a quarterly finance check and signs a certificate to say that it has been completed which is filed on the Finance Folder.*

~~[3.1. Each committee (if any) shall review its three-year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of [November] each year including any proposals for revising the forecast.]~~

3.2. The RFO must each year, by no later than **December**, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the [relevant committee and the] council.

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 council for all items over ~~£5,000~~; **£500**

a duly delegated committee of the council for items over £500; or

the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.

*N.B. Figure of £500 is in line with existing arrangements.*

4.5. In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which in the clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.

*N.B. existing limit is £250 where there is not any budgetary provision for the expenditure – suggest this limit is increased to limit of £500.*

4.8. The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, 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 ~~£100~~ £200 or [15%] of the budget.

*N.B. Figure of £200 and 15% is in line with external audit requirements.*

5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency. ~~[The council shall seek credit references in respect of members or employees who act as signatories.]~~

5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. ~~The approved schedule shall be ruled off and initialled by the Chairman of the Meeting.~~ A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

*N.B. Highlighted as a practice to adopt.*

5.5. c) fund transfers within the councils banking arrangements up to the sum of £5000 ~~£10,000~~, provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee].

*N.B. Suggest £5000 is a more appropriate sum*

6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of council ~~[and countersigned by the Clerk,] or one member of council and the Clerk~~ in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

*N.B. Above is in line with existing arrangements – Clerk only signs cheques where another signatory is not available.*

6.7. If thought appropriate by the council, payment for utility supplies (energy, telephone and water), ~~for the website & email system and for NEST pension contributions~~ and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to council as made. ~~The approval of~~

the use of a variable direct debit shall be renewed by resolution of the council at least every two years.

*N.B. website & email system and NEST pension contributions added in line with existing arrangements.*

*N.B.2. I will add the approval of the use of variable direct debit to the annual review (usually in May) of financial items.*

*N.B.3 Item 6.10 covers items made by internet banking transfer.*

6.17. Changes to account details for 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 ~~two of~~ the Clerk ~~the RFO~~ ~~a member~~. A programme of regular checks of standing data with suppliers will be followed.

6.18. 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.

*N.B. The Council does not currently have a debit card.*

6.19. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council ~~Finance Committee~~. Transactions and purchases made will be reported to the [council] ~~relevant committee~~ and authority for topping-up shall be at the discretion of the [council] ~~relevant committee~~.

*N.B. The Council does not currently have a pre-paid debit card.*

6.20. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk ~~and RFO~~ and shall be subject to automatic payment in full at each month-end. ~~Personal credit or debit cards of members or staff shall not be used under any circumstances.~~

*N.B. The Council does not currently have a corporate credit card and the Clerk's debit card is used by Heart Internet to take the annual payment for the domain renewal because they will not take this payment by direct debit. The Clerk also makes some purchases using her personal credit card, e.g. purchase of ink cartridges, A4 paper etc and these sums are reclaimed under expenses with the appropriate receipts.*

6.21. 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 (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

OR

~~6.22. The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.~~

~~The RFO shall maintain a petty cash float of [£250] for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.~~

~~Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.~~

~~Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to council under 5.2 above.]~~

*N.B. The Council does not run a petty cash system.*

11.1.g) Any invitation to tender issued under this regulation shall be subject to Standing Orders (**Reference 18 Financial Controls and Procurement**), <sup>1</sup>[insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.

11.1. h) When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); **where the value is below £3,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates** **Where the value is below £500 there will be no requirement to obtain 3 quotations.** Otherwise, Regulation 10.3 above shall apply.

*N.B. This is in line with existing arrangements.*

12 [Payments under contracts for building or other construction works] excluded as not relevant.

13 [Stores and equipment] excluded as not relevant.

14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not **exceed £250.**

*N.B. figure increased from existing £50 to £250 in line with NALC's model financial regulations.*

~~[15.2. 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.]~~

*Excluded because the Clerk is the RFO.*

15.5. 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] every 3 years** by the council, or duly delegated committee.

*N.B. Council has historically taken out a 3-year insurance deal.*

16 [Charities] excluded as not relevant.