

REPORT ON FINANCIAL REGULATIONS

1.0 INTRODUCTION

Council is required to review its financial regulations at least once per annum and this report is being provided to guide councillors through both the intentions of the document and also the changes that are proposed.

The financial regulations appended have been prepared using the latest version of NALC template of Model Financial Regulations; at The Ivers Parish Council the Clerk is the appointed Responsible Finance Officer and in the Clerk's absence the Deputy Clerk will act as the Clerk. Throughout the regulations the term Clerk and RFO is used interchangeably however for The Ivers Parish Council this is one post, the Clerk.

2.0 CHANGES PROPOSED

The changes that are proposed aim to provide improved business continuity. Notes are annotated to the document and the changes are summarised below:

2.1 Decision Making

The previous financial arrangements required reports to be made to the Policy, Finance and General Purposes Committee. This has been amended to a direct report to council

2.2 Annual budgeting

Recognising the enormous challenges faced during Covid recovery it is recommended that the requirement to consider 3 year budget forecasting is removed and that the regulations are worded to encourage forward planning (see Regs3.1 and Regs3.3); this to be reviewed early 2022 at the next financial regulation review

2.3 Authority to spend

The Council sets the authority to spend based on the agreed budget. Within the resolved budget headings and budgets the financial regulations set thresholds for different levels of expenditure:

2.3.1 Committees and Council (Regs4.1)

It is recommended that this is adjusted from £500 to a figure of £3500. This requires any expenditure over £3,500 to be authorised by an appropriate committee or the council before an order can be made

2.3.2 Clerk in consultation with Chair of budget holding committee/council (Regs4.1)

It is recommended that this new option is introduced for expenditure between £2,000 and £3,500

2.3.3 Clerk (Regs4.1)

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It is recommended that this is adjusted from below £500 to a figure of below £2000

2.3.4 Debit card purchase (Regs6.18)

This has been adjusted to align to Clerk authority to spend; debit card is in Clerk name.

These changes are recommended to improve the efficiency of the council; as an example the cost of tree surgeons for dealing with a single fallen tree can be in excess of £1,000 and it often transpires that it is not a sole tree affected. Councillors are reminded that scrutiny of expenditure will be undertaken through the examination before the processing of invoices and at council when the expenditure is examined.

2.4 Unspent provisions (Regs4.9)

On occasions the outturn report from the previous financial year's finances might identify unspent provisions. The previous regulations required these to be allocated to Ear Marked Reserves however it is proposed to change this to await the outturn report and recommendations arising from that report. This could be to allocate unspent provisions to Ear Marked Reserves, a new piece of work or general reserves.

2.5 Workforce budget (Regs4.4)

The term salary budget has been replaced with workforce budget as this improves transparency and includes additional costs as well as salaries. It has also been proposed that workforce budgets are to be prepared in October in readiness for budget setting from November.

2.6 Critical response (Regs4.5)

The previous limit for the Clerk to undertake works that are unauthorised has been proposed to be increased from £500 to £5,000. It is hoped that the clerk will not have to undertake such a response and councillors are reminded that this clause also includes a requirement to notify councillors at the earliest opportunity. This could be through an extraordinary council meeting.

2.7 Budget variance (Regs4.8)

The model regulations include budget variance reporting thresholds of +/- 15%. In the interests of transparency it is recommended that a figure of 10% is used.

2.8 Unplanned budgetary requirements

The previous regulations included section 4B. With Council meeting monthly all unplanned budgetary requirements will be submitted to full council; this provides a timely response and in conjunction with due process and consideration of best value there is no longer a requirement for section 4B;

2.9 Sweep to savings accounts (Regs5.5c)

The current arrangements require councillor approval to move funds to and from savings accounts. This does not enable dynamic management of savings and with new instant access arrangements being put in place with

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Metro it is proposed that the limit be increased to permit sweeps between accounts of up to £150,000

2.10 Access to bank statements (Regs8.3)

The requirement for statements to be posted to the address of the Chair has been removed and replaced with access to statements to be arranged. This will be facilitated through online banking access.

2.11 Charity Accounts (Regs9.10)

Councillors attention is drawn to the need to prioritise financial work relating to Iver Heath Recreation Ground

2.12 Contracts of less than £25,000 (Regs11.1h)

The values attached to the requirements have been increased.

“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 £10,000 and above £1,000 the Clerk or RFO shall strive to obtain 3 estimates, in writing if possible. Otherwise, Regulation 10.3 above shall apply”

The previous levels were set lower and officers were finding it impossible to comply with the regulations.

4.0 INTERNAL CONTROL PROCESSES

Please see Appendix A to the Financial Regulations.

The Internal Control Process is undertaken by officers and nominated councillors. The flow diagram and notes set out how the process and persons interact from placing an order, through receipt of goods, payment and to bank reconciliations. This process is audited by the Council's Internal Auditor at least twice a year and councillors verify that they have complied with control processes and regulation when submitting Section 1 'Annual Governance Arrangements' to the external auditor.

5.0 CASH HANDLING AND BANKING PROCEDURE AND POLICY

Please see Appendix B to the Financial Regulations.

This section has been introduced to formalise the income handling processes. It has recently been arranged for all cash and cheques to be paid into the Metro account at the post office. This negates the requirement to transport such funds to the bank.

6.0 BANK SIGNATORIES

The current signatories are:

Cllr Wendy Matthews (full online access)

Cllr Ann Mayling (full online access)

Cllr Chris Jordan (cheques and currently undertakes hard copy bank reconciliations)

Cllr Carol Gibson (cheques)

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Cllr Chris Woolley (cheques)

7.0 RECOMMENDATIONS

It is recommended that Council:

- 7.1 Agrees the revised Financial Regulations that include Appendix A Internal Control Process and Appendix B Cash Handling and banking Procedure and Policy
- 7.2 Appoints a councillor to undertake bank reconciliation checks on a monthly basis with a read only access to the councils accounts software
- 7.3 Appoints a councillor to undertake account change checks for suppliers
- 7.4 Reviews the bank signatories

For further information, contact:

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