



MELTON PARISH COUNCIL

FRM(20)05.05

REVIEW OF FINANCIAL REGULATIONS IN THE CONTEXT OF THE AUDIT REPORT OF 16 JANUARY 2020

Background and summary

Members of FERM Committee will be aware that an interim Internal Audit was carried out on 16 January 2020, covering the period from 1 April 2019 to 31 December 2019. Under section 3 of the report, covering payment controls, the auditor made specific recommendations in respect of the Council's adopted Financial Regulations 6.16 and 5.1. This paper responds to those recommendations.

Financial Regulation 6.16

As adopted this reads:

“Any debit card issued for use will be specifically restricted to the RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by Council or Finance Employment and Risk Management Committee before any order is placed.”

The issues here are:

1. The RFO holds a debit card on the Lloyds account restricted to a single transaction max. £500
2. FERM Committee agreed on 10 July 2019 to allow the [Assistant Clerk] to hold a debit card max. £500 on the Barclays account which so far has not been implemented.
3. Regulation 6.16 needs to be updated to reflect any decision to allow the Assistant Clerk to hold a debit card; and in the light of the fact that the Council does not regularly make payments on the Barclays accounts because of the charges incurred, FERM Committee may wish to consider whether to revisit the decision made in July 2019 and authorise the Assistant Clerk to hold a card for the Lloyds account which is used daily.

4. Regulation 6.16 should also be expanded to state a usage policy. It could be expanded to read: "Any use of the debit card will be recorded on the form designed for such purpose to which the invoice or voucher is attached and signed by the user [and countersigned by another designated signatory] ; such use will also be clearly identified in the cashbook".

Financial Regulation 5.1

As adopted this reads:

"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 regularly be reviewed for safety and efficiency. The Council may seek credit references in respect of Members or employees who act as signatories."

The issues here are:

1. There is a conflict here between Regulation 5.1 and the Term of Reference (x) for FERM Committee which reads: "To make whatever banking and investment arrangements are appropriate". It is proposed here to amend Regulation 5.1 to read:

"The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council following consultation with Finance, Employment and Risk Management Committee. They shall regularly be reviewed for safety and efficiency. The Council may seek credit references in respect of Members or employees who act as signatories."
2. Also FERM Committee may wish to consider recommending the removal from Regulation 5.1 of the reference to seeking credit references as no longer being appropriate.

William Grosvenor

Clerk and Executive Officer to the Council

4 February 2020