



MELTON PARISH COUNCIL

MPC(20)28.04

REVIEW OF FINANCIAL REGULATIONS 5.1, 6.9 AND 6.16 (*Referral from Finance Employment and Risk Management (FERM) Committee*)

Background and summary

Members will be aware that a full review of the Council's Financial Regulations was undertaken in the autumn of 2019, and a revised set of Regulations adopted by Full Council on 15 January 2020. An interim Internal Audit was carried out on 16 January 2020, covering the period from 1 April 2019 to 31 December 2019. In the report the auditor made specific recommendations in respect of the Council's adopted Financial Regulations 5.1, 6.9 and 6.16. Those recommendations were considered in detail by FERM Committee at its meeting on 5 February 2020 and this paper sets out the decisions reflected in the minutes and the Committee's recommendations to Full Council.

Full Council is accordingly recommended to adopt the following recommendations from FERM Committee:

Financial Regulation 5.1

As currently adopted this reads as follows:

"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."

Full Council is recommended 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, taking into account the recommendations of Finance, Employment and Risk Management Committee."

The changes make Regulation 5.1 both consistent with the Terms of Reference of FERM Committee and bring it up to date to remove the now anachronistic inclusion of credit references.

Financial Regulation 6.9

As currently adopted this reads as follows:

“If thought appropriate by the council, payment for certain items may be made by internet transfer provided evidence is retained showing which authorised members or the RFO under delegated authority approved the payment. All payments shall require electronic authorisation by two designated signatories and a hard copy of the invoice / justification for payment shall be retained and signed by the signatories as soon as possible thereafter as a permanent record. Transfers between the council’s bank accounts shall be made where possible by internet banking transfer and shall require similar authorisation by two designated signatories.”

Full Council is recommended to amend Regulation 6.9 to read as follows (proposed changes in red):

“If thought appropriate by the council, payment for certain items may be made by internet transfer provided evidence is retained showing which authorised members or the RFO under delegated authority approved the payment. All payments shall require electronic authorisation by two designated signatories and *approvals shall be initiated by the RFO or Assistant Clerk under delegated authority and second authorised by a designated member signatory.* A hard copy of the invoice / justification for payment shall be retained and signed by the signatories as soon as possible thereafter as a permanent record. Transfers between the council’s bank accounts shall be made where possible by internet banking transfer and shall require similar authorisation by two designated signatories.”

Financial Regulation 6.16

As currently adopted this reads as follows:

“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 current position here is:

1. The RFO holds a debit card on the Lloyds account restricted to a single transaction max. £500.
2. There is a form for recording use of the debit card which is signed by the RFO.

3. The Auditor recommended that Regulation 6.16 should also be expanded to state a usage policy.

FERM Committee has recommended that:

1. The Assistant Clerk shall be issued with a debit card for both the Barclays and Lloyds accounts. Payments on either account to be instigated by either the RFO or Assistant Clerk and second authorised by a designated member signatory.
2. The form for recording use of the debit card shall be amended to include space for a designated member signatory to countersign.
3. To incorporate a usage policy Regulation 6.16 should be expanded to read as follows (proposed changes in red):

“Any debit card issued for use will be specifically restricted to the RFO / *Assistant Clerk* 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. *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 a designated member signatory.*”

William Grosvenor

Clerk and Executive Officer to the Council

16 March 2020