

EUXTON PARISH COUNCIL



Meeting: Finance Committee
Annexe, Euxton PC Community Centre,
Wigan Road, Euxton
Tuesday, 2nd February 2016, 7.15pm

A G E N D A

1. Apologies
2. Declarations of interest
3. Minutes of the last meeting, 5 November 2015 (Item 3)
4. Public Participation
Matters brought to the Parish Council by residents. Residents will have twenty minutes set aside during which each resident shall have three minutes.
5. Review Risk Assessment for approval by Council. This should be brief as completed in Aug/Sep 15 (Item 5)
6. Review insurance such that it meets needs of Risk Assessment above, recommendation to Council Feb or Mar 16 (Item 6)
7. Discuss and decide Finance Regulations, policy and process, for recommendation to Council at Feb meeting (Item 7)
8. Discuss and decide Banking/chq policy and process, for recommendation to Council at Feb meeting (incorporated into Financial Regulations at item 7 above).
9. Discuss and decide Tender policy and process, for recommendation to Council at Feb or Mar meeting (incorporated into Financial Regulations at item 7 above)
10. New External Audit system – consider information and opt-in/opt-out choices and make a recommendation to Full Council.
11. Other items this Committee can take forward
12. Financial risk items mitigated
13. Matters for information

Finance Committee

Cllr M Bamber
Cllr A Caughey
Cllr J Caughey
Cllr H T Cook
Cllr C Jones
Cllr J Matson
Cllr A Platt
Cllr J Prayle
Cllr K Reed
Cllr A Riggott
Cllr M Parr

Future Meeting dates:
Thursday, 28th April 2016;
Tuesday, 5th July 2016;

D. Platt
CLERK

Published: 19/01/16

MINUTES of FINANCE COMMITTEE meeting held 5 November 2015 at Euxton PC Community Centre, Euxton.

Present:

Cllrs	M Bamber	C Jones
	A Caughey	A Platt
	J Caughey	K Reed
	H T Cook (Chair)	A Riggott

Attending: Cllr J Bamber

1. Apologies Cllrs Prayle, Matson, Parr
2. Declarations of Interest
3. Minutes of the meeting

Resolved: The Committee agreed the minutes of the last meeting on 6 October 2015 and the Chair signed them as a true record.

4. Public Participation

There were no requests for public participation.

5. Detailed budget discussions with formal inclusion of Committee budget submissions

The Committee were updated that the Personnel Committee's request was now £56,000.

Resolved: The Committee will recommend to Full Council that the reserve budget should be £20,000.

6. Review/agree process and selection of Internal Auditor

The Committee were aware that there are to be changes to the auditing system and the Clerk was asked to obtain information and clarification.

Resolved: The Committee agreed to recommend to Full Council, if there are to be changes to the Internal Auditing system prior to the 1 April 2018 that we remain with the current internal auditor John Lawson for 2015/2016 and 2016/2017.

Resolved: The Committee agreed to recommend to Full Council that it suggests the Internal Auditor attends and verbally briefs Council/Committee on his audit report, with an opportunity for questions by Councillors, and this additional work will be contained in the engagement letter to ask for a price for the extra work.

7. Discuss and decide Invoice payment policy and process aimed at paying on time, for recommendation to Council at November meeting

Resolved: The Committee agreed to recommend to Full Council, the Council agree to pay invoices received up to the date of Council meeting, outside this timescale, it grants authority to three Councillors (two cheque signatories and one verifier to check invoices) which would otherwise be late and pay them by cheque.

8. Discuss and decide Finance Standing Orders policy and process, for recommendation to Council at Jan or Feb meeting

Item withdrawn.

9. Risks which have been mitigated to be reported to Full Council

Resolved: The Committee agreed to update Full Council on some of the risk register Finance items which had been worked through. These were risks 3b, 20 and (together with the work done by the Personnel Committee) 15b.

10. Other items this Committee can take forward

No items.

There being no further general business the Chairman declared the meeting closed.

8.30

Item 5

5. Review Risk Assessment for approval by Council. This should be brief as completed in Aug/Sep 15 (Item 5)

Item from Risk Register	Comment on movement/resolution/or need further guidance to move on
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Section 1. Business Continuity

a) Business Continuity Plan	Volunteers Cllrs requested at full council 17/9/15 for review of plan. No volunteers. Work outstanding
b) f) g) h) Cloud storage/access	Cloud purchased/in use – access for Chair/VC needs to be arranged/tested. Work outstanding
c) Essential paper documents photocopy in separate location (electronic?)	Need to know what essential documents Council want to copy and store in separate location, and where. Work outstanding
d) Fire proof safe	Guidance requested as to what needs to be stored in a safe, so the right size can be purchased, and where the safe is to be housed (before purchasing). Work outstanding
e) Clerk incapacitated/not available: Reciprocal arrangement with other local Parish Council	Work with other local PCs. Volunteer Cllr for short-term. PC & Clerk name to be inserted when reciprocal arrangement made. Work outstanding
j) Internet access at Clerk's office	Defined internet access standards. BT service standard. Work outstanding

Section 2. Council Records

Documents to be held in separate location. Interim mitigation - fire proof safe.	As above c)
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Section 3. Confidentiality/Precept

Separate EPC computer. Segregate duties from those of other PC's. Define EPC working time.	Under consideration by Personnel Committee.
Precept. Rushed, earlier review of process.	Council noted 19/11/15 this was mitigated. Process reported, in place.

Section 4. Financial Records

Records	Financial Regulations being reviewed by Finance Committee February 2016 meeting.
Irregularities	Finance Committee reviewed. New arrangement agreed by full council 19/11/15.

Sections with actions marked:

5. Bank & banking	Finance Committee reviewing February 2016 meeting.
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Item 5

6. Cash (assume this is bank cash?)	Finance Committee reviewing February 2016 meeting.
7. Petty cash	Finance Committee considered at 6/10/15 and full council agreed 19/11/15 new standing order. Cash box in place.
9. PM doc	Review document with gateways/regular progress review points. Work outstanding.
11. Tender process	Finance Committee reviewing February 2016 meeting.
12a/b. Grants and procedure	All Purposes Committee reviewed policy in Aug and Oct. full council approved in 19/11/15 meeting.
15a. Best value accountability	Finance Committee reviewing Tender Process at its February 16 meeting. Fees reviews suggested to form a more formal process.
15b. Clerk's office, IT & admin costs	Finance Committee considered 6/10/15 and minuted vfm. Item referred to PerC for investigation.
16. Salaries & associated costs	PerC is reviewing salary process currently.
18. Vat question: Do we have appropriate dispensation letter from HMRC?	Professional advice to confirm we are compliant. Work outstanding.
19. Annual Audit	Finance Committee considered at its 5/11/15 meeting. Council noted this was mitigated at 19/11/15 full council.
20. Annual Return - Rushed review of Risk, etc. Finance Committee Programme of Work, Require annual, phased calendar of activity	Mitigated at 19/11/15 full council. All processes completed. Any new procedures considered by Finance Committee February 2016.
21b/c. Working from home/alone	Not yet assessed. Annual H&S Risk assessment. Refer to Personnel Committee. Work outstanding.
22. Legal powers	Mitigated with LALC membership.
23. Statutory notices	Mitigated with LALC membership.
24. Insurance	Review on Finance Committee February 2016 meeting.
25. Data Protection: Separate computer for EPC. To inc employee data, salaries, etc. Password protected.	Referred to Personnel Committee (see 3. above). Work outstanding.
27. Building: Annual risk assessments, etc. What about users - do we check after they use it to ensure compliance? Legionella checks? Who does risk assessment? Ts&Cs & users own risk assessments for use, applied and checked.	Work outstanding.
31. Meeting location	Risk assessment process for alternate venues. Regular brief to attending public. Work outstanding.
32. Public (visiting Clerk office)	Specialist Equality Act/PSED (risk?) assessment. Refer to Personnel Committee.

Item 6

6. Review insurance such that it meets needs of Risk Assessment above, recommendation to Council Feb or Mar 16 (Item 6)

Reviewing the information presented to the Council meeting on 17th September 2015 (as copied below) it was noted that:

- If any office equipment (described in the risk assessment) was to be purchased there would be automatic £5000 cover, so if it amounted to more than the standard insured cover then this would need to be adjusted.
- The building cover (the pavilion) - a new valuation figure is required before the cover is to be reviewed at the Finance Committee programmed for 5th July and new quotations obtained.
- Population figure is below the specified limit of 15,000.
- Fidelity cover is £300,000 presently and this would need re-assessing when any CIL monies are received to ensure at the peak of the bank balances we are not going over this limit.
- Before next renewal, all the items contained on the asset lists will be cross-referenced against the policy to ensure there is adequate cover for the items.

Full Council, 17 September 2015, agreed
Insurance cover from 1 October 2015

INSURANCE AVIVA	Quantity
Employers Liability	£10M
Public & Products Liability	£10M
Hirers Liability	£5M
Commercial legal protection	£100,000
Officials Indemnity	£500,000
Libel & Slander	£250,000
Population up to	15,000
Business Interruption (£20,000)	
Loss of revenue (On Gross Revenue)	£10,000
Increased cost of working	£10,000
Office Equipment (LY 'Business Cover away from the premises £5,000')	£5,000
Keyman Cover	£400 per week up to 26 max weeks
Money 'LY Money & Assault £1,000'	Non-negotiable £250,000 Negotiable – premises £1,000; any other loss £1,000
Fidelity (Employee Dishonesty)	£300,000
Personal accident	£50,000
Excess on a claim	£250
Buildings and Assets Covered as per list supplied	All covered (see other sheet)

Insurance List for 1st October 2015 renewal

	Aviva Sections	£	+3%
	Community Building Section		
Buildings - pavilion (rebuild cost)	£121,366.96	117,832	3534.98
	General Contents (inc Stock)		
Badge of Office (gold)		1,352	1392.56
Chain of Office (gold plate)	£3,026.14	702	21.06
Vice Chairman's badge of office (silver)		884	26.52
	Sports Equipment		
Sports equipment (goal post sets)	£3,856.32	3,744	112.32
	Street Furniture		
Noticeboards		3,536	106.08
Solar Light column	£11,568.96	4,420	132.6
Speed indicator road sign device		3,276	98.28
	Mowers & Machinery		
Petrol powered hedge cutter		140.00	
Petrol powered strimmer		315.12	9.36
Petrol powered blower	£5,820.48	364	10.92
Trailer (large)		1,170	35.10
Trailer (small)		546	16.38
Street vacuum machine		3,120	93.60
	Playground Equipment		
Skate Park property damage	£21,424.00	20,800	624
	War Memorial		
War Memorial	£77,250.00	75,000	2250

D R A F T for consideration by Council. Values are to be set by the Council when adopting Financial Regulations (other than the EU Procurement thresholds shown in Regulation 11). NALC doc shows values as (£XXXX); whenever possible figures given are from current Financial Arrangements (FAs)

Based on model Fin Regs of NALC with all significant changes/differences to current Fin Regs shown in bold italics with, if required, brief explanation.

NALC doc often refers to 'Clerk or RFO' as our Clerk is appointed RFO I have deleted references to Clerk

NALC uses Chair but this is changed to 'Chair'

Typos and other 'niff naff' changes to TC (terry.cook@buccaneer-consulting.co.uk) BEFORE the Feb 2 Fin Cttee meeting (ideally by 1 Feb) so the meeting can focus on discussing significant matters please.

**EUXTON PARISH COUNCIL
FINANCIAL REGULATIONS**

Draft 22 Jan 16

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These Financial Regulations were adopted by the Council at its Meeting held on [.....]

1. GENERAL (as current Fin Arrangements (FAs))

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the Council's **three (to be confirmed by Clerk)** governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Council's standing orders¹ and any individual financial regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council'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 Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. A breach of these Regulations by an employee is gross misconduct.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 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.
- 1.9. The RFO;
 - acts under the policy direction of the Council;
 - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;

- determines on behalf of the Council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the Council up-to-date in accordance with proper practices;
 - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the Council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO 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 Council from time to time comply with the Accounts and Audit Regulations².
- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day-to-day of all sums of money received and expended by the Council, and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the Council; and
 - wherever relevant, a record of the Council'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 RFO shall include:
- procedures to ensure that the financial transactions of the Council 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;
 - 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 RFO and that the approvals are shown in the accounting records; and
 - measures to ensure that risk is properly managed.

² In England - Accounts and Audit (England) Regulations 2011/817
 In Wales - Accounts and Audit (Wales) Regulations 2005/368

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

- setting the final budget or the precept (Council Tax Requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors,

shall be a matter for the full Council only.

1.14. In addition the Council must:

- determine and keep under regular review the bank mandate for all Council bank accounts;
- approve any grant or a single commitment in excess of **£500 (NALC £5000)**; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the Personnel Committee in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC) or *Governance and Accountability for Local Councils in Wales - A Practitioners' Guide*, available from the websites of One Voice Wales (OVW) and SLCC as appropriate.

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL) *(as current FAs)*

- 2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.
- 2.2. ***(new to current FAs)*** On a regular basis, at least once in each quarter, and at each financial year end, a member other than the ***Chair or a cheque signatory (both suggested while NALC says Chair (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 (Finance Cttee) (suggest we delete Fin Cttee (FC))***.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council 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 Council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The Council 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 Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6. The internal auditor shall:
 - be competent and independent of the financial operations of the Council;
 - report to Council 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 Council.
- 2.7. Internal or external auditors may not under any circumstances:
 - perform any operational duties for the Council;
 - initiate or approve accounting transactions; or

- direct the activities of any Council employee, except to the extent that such 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 RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10. The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING (*mostly as current FAs*)

- 3.1. ***NALC refers to 3 year forecasts which we don't currently do so suggest change that reference to '3 year forecast (if any)'*** Each committee Chair shall review its three year forecast (*if any*) 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 (as our current FAs)** each year including any proposals for revising the forecast.
- 3.2. ***New suggestion All bids and budget items of more than £1000 (inc multiple bids each below £1000 for a single project) shall be accompanied by a very brief/outline business case.***
- 3.3. ***In conjunction with the Finance Cttee (this is added to NALC words to accord with our current budget process)*** the RFO must each year, by no later than end **November**, 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 **Finance Committee (NALC says 'relevant committee') and Council**. The formal budget process is as follows (***new to current FAs but approved by Fin Committee/Council***):

- ***Beginning Oct RFO prepares:***
 - ***First half of current year, and***
 - ***Early Draft budget based on that half year.***

Budget modified by any known additions/deletions and Committee Chair inputs.

- ***Early October Finance Committee meeting examines budget so that it understands as much as possible all elements.***
- ***Mid-October, Council provided with budget plus key figures - total spend, likely precept and comparison with current year figures.***

- **Council asked for early broad guidance from mid to end October as to whether budget is about right, wrong, etc and for priorities.**
- **End October/begin November Committee Chairs asked to finalise budget bids (in accordance with Financial Arrangements) with explanations so that Finance Committee has complete understanding**
- **Using any guidance given, early November onwards Finance Committee derives possible project priorities and spending plans and/or cuts so that alternatives are available for January Council meeting**
- **January Council meeting discusses and agrees budget**

3.4. **(new to current FAs) The Council shall consider annual budget proposals in relation to the Council's three year forecast (if any) of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.**

3.5. **(new to current FAs, from Fin Cttee Nov 15) The Council's general reserve budget shall be set at 3 months 'routine' (ie non-discretionary) spend.**

3.6. The Council shall fix the precept (Council tax requirement), and relevant basic amount of Council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

3.7. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND 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 Council for all items **over £500 (except as provided in para 4.5) (NALC £5000);**
- a duly delegated committee of the Council for items **up to £500 (NALC says 'over £500' but has higher limit for sub-value immediately above);**
- **the Clerk, in conjunction with Chair of Council or Chair of the appropriate committee, for any item below £500. Suggest delete this**

Such authority is to be evidenced by a Minute or by an authorisation slip duly signed by the RFO, and where necessary also by the appropriate Chair.

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 Council, or duly delegated committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and

available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. The salary budgets are to be reviewed at least annually in October for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Chair of Council or the Chair of the Personnel Committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5. In cases of extreme risk to the delivery of Council services, the RFO may authorise revenue expenditure on behalf of the Council which in the RFO'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 £1000 (NALC says £500, but it is quite possible to envisage damage to pavilion, say, requiring emergency repairs of more than £500)**. The expenditure should be incurred ideally in consultation with the Chair or Vice Chair of the Council, and the RFO shall report such action to the Chair as soon as possible and to the Council as soon as practicable thereafter.
- 4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.7. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.8. **At each full Council meeting (this is not in NALC but is our current practice)** 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, **and examined by the Finance Committee for recommendation to Council (added to NALC doc)**. For this purpose "material" shall be in excess of **£100 or 10% of the budget whichever is greater. ((NALC is £100 or 15%, and does not include 'whichever is greater', so a 15% variation on a £250 budget - or £37 variation - would be material!))**
- 4.9. **(New to current FAs) Statements are to be provided with at least 3 clear days notice or greater period if required by legislation**
- 4.10. Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 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. Do we need to do this for members? It is an interesting Governance point which I can understand but I also have concerns over individual privacy. As no single member can make payments I believe this is NOT required for members. However, as the RFO can make payments alone, should this not be required for good governance?***

- 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 ***(or finance committee) (altho' iFin Cttee is n NALC doc suggest delete fin cttee). (New to current FAs.) Schedules of payments must be provided to Council with at least 3 clear days notice, or greater period if required by legislation. Schedules shall include the Petty Cash statement. The Council/committee (suggest delete committee) shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Council (or finance cttee) (suggest delete fin cttee).*** The approved schedule shall be ruled off and initialled by the Chair 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.
- 5.3. ***(this was our process agreed at Council Nov 16)*** The schedule presented to Full Council will list all items separately, show the total, the spend, vat amounts, how much the required top-up cheque is to bring the balance back to £300.
- 5.4. All invoices for payment shall be examined, verified and certified by the RFO 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 Council.
- 5.5. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available Council ***(or fin cttee) Meeting (suggest delete fin cttee).***
- 5.6. The ***Chair and RFO (NALC says only 'The Clerk and the RFO..')*** shall have delegated authority to authorise the payment of items only in the following circumstances: See ***6.6 & 6.7 check against EPC minutes. Also we still need two signatories.***
 - a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the RFO certifies that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of Council ***(or fin cttee) (suggest delete fin cttee);***

b) Fund transfers within the Council's banking arrangements up to the sum of **£10,000 (this is NALC figure)**, provided that a list of such payments shall be submitted to the next appropriate meeting of Council **(or fin cttee) (suggest delete fin cttee)**.

5.7. **If required (added to NALC doc as we don't currently do this)** for each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which Council, or a duly authorised committee, may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of Council **[or Finance Committee] (suggest delete fin cttee)**.

5.8. A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and/or made.

5.9. In respect of grants a duly authorised committee shall approve expenditure within any limits set by Council and in accordance with any Policy statement approved by Council. Any Revenue or Capital Grant in excess **of £500 (NALC is £5000)** shall before payment, be subject to ratification by resolution of the Council.

5.10. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

5.11. The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

5.12. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by **2 members (NALC says 'a Member', but see para 6.19)**

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1. The Council will make safe and efficient arrangements for the making of its payments.

6.2. Following authorisation under Financial Regulation 5 above, the Council, **a duly delegated committee or, if so delegated, the RFO (suggest delete NALC words shown as underlined)** shall give instruction that a payment shall be made.

6.3. All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council **(or duly delegated cttee (suggest delete 'or duly delegated cttee'))**.

- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to Council shall be signed by two members of Council (***our current process***) (***and countersigned by the Clerk***) (***delete this last phrase as it isn't our current process***), in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6. Cheques or orders for payment shall not normally be presented for signature other than at a Council ***or committee meeting*** (***suggest delete 'or cttee meeting'***) (including immediately before or after such a meeting). Any signatures obtained away from such meetings (***para 6.7 below***) shall be reported to the Council at the next convenient meeting.
- 6.7. ***(this was our process agreed at Council Nov 16) Invoices received up to the date of Council meeting can be paid by cheque, three Councillors to check invoices (two cheque signatories and one verifier). The details of this process will be presented to the next Council meeting.***
- 6.8. If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) 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.
- 6.9. If thought appropriate by the Council, payment for certain items (principally Salaries) may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to Council as made. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the Council at least every two years.
- 6.10. If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to Council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council at least every two years.
- 6.11. If thought appropriate by the Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.12. ***(Added to cover EPC agreed risk) All Council financial management and records are to be made on Council-owned IT equipment (computer, external***

hard drive, etc); no information is to be accessed, processed or stored on any other equipment.

- 6.13. **Where a computer requires (suggest delete this phrase and insert 'The RFO is to set up and')** use of **(delete 'of')** a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chair of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other Councillors. After the envelope has been opened, in any circumstances, the PIN and/or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the Council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.14. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council, its bank accounts, **(new) or its debit/credit cards** to any person not authorised in writing by the Council or a duly delegated committee.
- 6.15. 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. **Suggest remove 'and preferably off-site' and insert 'off site using a council-owned cloud storage account'.**
- 6.16. The Council, and any members using computers for the Council'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.
- 6.17. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The Bank Mandate approved by the Council shall identify a number of Councillors 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.
- 6.18. 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 Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.19. 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 **2 members (NALC says '2 of Clerk/RFO/a member')**. A programme of regular checks of standing data with suppliers will be followed.
- 6.20. Any Debit Card issued for use will be specifically restricted to the RFO **(new Chair to have one as holiday back-up?)** and will also be restricted to a single transaction

maximum value of **£500** (this is NALC value) unless authorised by Council in writing before any order is placed.

- 6.21. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Council (**finance cttee**) (**suggest delete fin cttee**). Transactions and purchases made will be reported to the Council [**relevant cttee**] (**suggest delete relevant cttee**) and authority for topping-up shall be at the discretion of the Council [**relevant cttee**] (**suggest delete relevant cttee**).
- 6.22. Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the 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.
- 6.23. **New. The accounts for any and all debit/credit cards are to be reconciled in the same way as Bank accounts and presented to Council in the same way at each Council meeting.**
- 6.24. (**this was our process agreed at Council Nov 16. I have deleted alternate NALC para which starts 'The Council will not maintain any form of cash float'**) Petty Cash. The RFO may hold petty cash for the purpose of defraying **NEW small or urgent** operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- a) The RFO shall maintain petty cash of £300 per month, to be kept in a cash tin; the amount will be £600 if there is 2 months between full Council meetings.
 - 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 (**New from Council 21 Jan 16**) **and the petty cash reconciliation** shall be shown separately on the schedule of payments presented to Council under para 5.2.
 - d) Regular expenditures such as telephone, computer and photocopy charges are not to be taken from the petty cash.
 - e) **New following Council 21 Jan 16. Petty cash should not be used for payments that should normally be made through the normal invoice/cheque or other payment system. Purchases that are not urgently required must not be made through petty cash.**

7. PAYMENT OF SALARIES

- 7.1. As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council, or duly delegated committee.

- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council (**NALC says '*..prior consent of the Council [relevant committee] (check Pers Cttee ToRs),*** on recommendation of the Personnel Committee (***to comply with outr ToRs***).
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any Councillor who can demonstrate a need to know;
 - b) by the internal auditor;
 - c) by the external auditor; or
 - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.6. ***New from Pers Cttee & Council jan 16 Any exceptional payment (cash or in kind) outside of basic salary and approved overtime should first be approved by the Personnel Committee normally within 4 weeks, and then placed before full Council for consideration. This is to ensure that the 'payment' will meet HMRC regulations.***
- 7.7. An effective system of personal performance management should be maintained for ***all employees. (NALC says '*..the senior officers****)
- 7.8. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.
- 7.9. Before employing interim staff the Council must consider a full business case.
- 8. LOANS AND INVESTMENTS (*not currently required but we may invest soon, can be retained for future or deleted. Suggest retain*)**
- 8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be

approved by Council as to terms and purpose. The application for Borrowing Approval, and subsequent arrangements for the Loan shall only be approved by full Council.

- 8.2. Any financial arrangement which does not require formal Borrowing Approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. The Council will arrange with the Council's Banks and Investment providers for the sending of a copy of each statement of account to the Chair of the Council at the same time as one is issued to the RFO.
- 8.4. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.5. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 8.6. All investments of money under the control of the Council shall be in the name of the Council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.8. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of Payments) and Regulation 6 (Instructions for Payments).

9. INCOME (*largely as current FAs*)

- 9.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3. The Council will review all fees and charges at least annually, following a report of the RFO. (*is this delegated to Leisure Cttee in which case we need to amend this?*)
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the Council.

- 9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9. Where any significant sums of cash are regularly received by the Council, the RFO 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.
- 9.10. **(not currently required, can be deleted)** Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting (see also Regulation 16 below).

10. ORDERS FOR WORK, GOODS AND SERVICES (as current FAs)

- 10.1. 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.
- 10.2. Order books shall be controlled by the RFO.
- 10.3. All Members and Officers are responsible for obtaining value for money at all times. The RFO 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 or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11 (I) below.
- 10.4. A member may not issue an official order or make any contract on behalf of the Council.
- 10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

11. CONTRACTS (mostly as current FAs)

- 11.1. 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; (not sure why this would not be subject to tender? Suggest it is, so delete this)**

- 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 £250 (in excess of this sum the RFO shall act after consultation with the Chair and/or Vice Chair of Council); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. ***New from Tender WG. For any tender or contract the amount of the Council's budget for the particular project is not to be disclosed to contractors who have or may be invited to tender for the work.***
- c. ***New. For any tender, until the Council has decided to which tenderer it will award the contract, any and all communication from and with those invited to tender is to be conducted only in writing (e-mail is acceptable), and all such communication will be shared with all potential tenderers. Invitations to tender will inform contractors and potential contractors of this requirement.***
- d. Where it is intended to enter into a contract exceeding £5,000 ***(changed by Tender WG. NALC £60,000)*** 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 RFO shall invite tenders from at least three firms to be taken from the appropriate approved list.
- e. 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 Council.
- f. ***(inserted/modified by Tender WG)*** Whenever possible, invitations to tender shall be made to suppliers from an up-to-date list of approved contractors. The appropriate approved list ***(referred to in paragraph 11.1 (b))*** shall be a list drawn up by the RFO and approved by Council. Where necessary, the list may also include suppliers from the list maintained by the District Council for such works.
- g. The Parish Council list is to be compiled and maintained by the RFO and is to be based on work done ***satisfactorily*** in the past for the Council.
- h. Such invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO 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.

- i. All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least **2 (changed, NALC requires one member and Clerk)** members of Council. **However, all members are to be invited to the opening (added to NALC doc).**
- j. If less than three tenders are received for contracts above £5,000 (**changed by Tender WG**) or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- k. Any invitation to tender issued under this regulation shall be subject to Standing Order **[insert reference of the Council's relevant standing order]** and shall refer to the terms of the Bribery Act 2010.
- l. When it is to enter into a contract of less than **£5,000 (changed by Tender WG, NALC £60,000)** 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 RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£5,000** and **above £100** the RFO shall strive to obtain 3 estimates. Otherwise, **Regulation 10 (3)** above shall apply.
- m. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- n. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council 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.
- o. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (largely as current FAs)

- 12.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO 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).
- 12.2. Where contracts provide for payment by instalments the RFO 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 Council.

- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and RFO to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.]

13. STORES AND EQUIPMENT (*largely as current FAs*)

- 13.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2. 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.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14. ASSETS, PROPERTIES AND ESTATES

- 14.1. The RFO shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the Council, 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.
- 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. (NALC is £250)**
- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council with a full business case.

- 14.6. The RFO 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, possibly in conjunction with a health and safety inspection of assets.

15. INSURANCE (as current FAs)

- 15.1. Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2. ***The RFO shall be mindful of and attend to (NALC says 'The Clerk shall give prompt notification to the RFO)*** all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.
- 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 (***NALC asks us to decide frequency***) by the Council, ***or duly delegated committee (suggest delete this phrase)***.

16. CHARITIES (not required, could be deleted)

- 16.1. Where the Council is sole managing trustee of a charitable body the RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

- 17.1. The Council is responsible for putting in place arrangements for the management of risk. The RFO shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 17.2. When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

See also paras 6.12 - 6.18 (added for reference)

18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 18.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.
- 18.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, 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 all members of Council.

* * *

Dear Colleague

The future of External Audit for Smaller Authorities – Update one

As you will be aware, the Audit Commission ceased to exist on the 1 April 2015 and a new company – Smaller Authorities' Audit Appointments Ltd - has been created this week to take over the appointment of **external** auditors and the setting of audit fees for smaller authorities from 2017.

This Company was set up on behalf of the Department for Communities and Local Government by the National Association of Local Councils (NALC), the Society of Local Council Clerks (SLCC) and the Association of Drainage Authorities (ADA).

The Company's three independent Directors are: Mike Attenborough-Cox (Chairman), Elizabeth Peers and Martin McNeill

Mike is a qualified accountant and internal auditor, and was a partner at Mazars LLP for 13 years. He has extensive experience of working with public sector organisations, having been appointed UK national public services partner at Mazars in 2001. He is also Chair of the Joint Audit Committee of the Police and Crime Commissioner and Chief Constable for Hampshire; and a member of the Audit and Risk Committee of the Foreign and Commonwealth Office.

Lizzie Peers is a qualified chartered public finance accountant, with over 20 years' experience as a senior public sector external auditor, having worked for the Audit Commission and more recently for Ernst & Young LLP. She currently sits on the board of two NHS trusts as a non-executive director and lectures at the University of Portsmouth on corporate governance

Martin McNeill is currently Clerk to the Governors and Company Secretary at Morley College London, having previously held a similar position at Bicton College in Devon. Prior to that he worked with the Audit Commission for 20 years, including four years as the Commission's Director of Management Services.

The Board also includes three Member Directors, who currently are: Peter Bateson, Company Secretary, ADA; Steve Alison, Head of Finance, SLCC; and Jonathan Owen, Chief Executive of NALC.

This company will formally appoint external auditors on your behalf, very much as the Audit Commission did previously, for a five year period from the financial year 2017/18. This will happen automatically unless your Council/Board decides to opt out and set up an independent Audit Panel to procure external audit itself. Guidance on setting up an auditor panel can be found here <http://www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf>

Owing to the way the legislation has been drafted, all Councils/Boards with an annual turnover of less than £6.5 million are automatically part of the scheme unless they decide to opt out and appoint their own external auditors.

The deadline for those wishing to take a decision to opt out is 31 March 2016.

Following the inaugural board meeting on 16 December 2015 the board made some decisions on fee structures.

For authorities requiring an annual assurance review (those with an annual turnover over £25,000) the intention is that fee rates will not exceed those applicable to reviews of accounts for the 2014/15 financial year, which are as follows.

Income & Expenditure band £	Fee per smaller body £
25,001 - 50,000	200
50,001 - 100,000	300
100,001 - 200,000	400
200,001 - 300,000	600
300,001 - 400,000	800
400,001 - 500,000	1,000
500,001 - 750,000	1,300
750,001 - 1,000,000	1,600
1,000,001 - 2,000,000	2,000
2,000,001 - 3,000,000	2,400
3,000,001 - 4,000,000	2,800
4,000,001 - 5,000,000	3,200
5,000,001 - 6,500,000	3,600

The legislation regarding authorities with annual turnover of below £25,000 is not clear. Board members have met with DCLG who are now seeking legal advice to clarify the situation. Once the board knows the outcome of this legal advice they will issue a further communication.

A link to the appropriate legislation is attached for your information.

http://www.legislation.gov.uk/ukdsi/2015/9780111126103/pdfs/ukdsi_9780111126103_en.pdf%20

We recognise that this is a complicated piece of legislation and will be providing more detailed information and FAQs over the coming months on the web.

Finally, we would like to wish you a very happy Christmas and a peaceful New Year.

Mike Attenborough-Cox

Chairman – Smaller Authorities' Audit Appointments Limited