

LAVERSTOCK & FORD PARISH COUNCIL

Report for Agenda Item 24.064 Financial Regulations

Subject: Amendments to Financial Regulations.

Date: 20 May 2024

Author: Andrew Prince, RFO

1. Report Summary.

- 1.1 This Report introduces several amendments to LFPC Financial Regulations 2023 AL1, which were approved by Council on 18th September 2023.

2. Background.

- 2.1 It is a requirement of The Accounts and Audit Regulations 2015 that each relevant authority must ensure that it has a sound system of internal control that facilitates and manages all aspects of its finances. NALC has produced model Financial Regulations that specify the systems to be used. These Regulations are supported by the Joint Panel on Accountability and Governance in their Practitioners' Guide. The model Financial Regulations allow each authority to determine their own levels of internal control.
- 2.2 NALC model Financial Regulations were last amended in 2019. A new version is in production but is not yet available.
- 2.3 The Internal Auditor in his most recent report has highlighted several areas in which this Council's Financial Regulations fail to meet his audit objectives. These latest amendments correct these deficiencies.

3. Amendment List (AL2). This is a summary of the changes made to Financial Regulations. The new or amended Regulations are shown in Annex 1 to this report.

- 3.1 **Change to payment limit for the Clerk and RFO.** AL1 increased the Authority to Spend (Regulation 4.1) by the Clerk and RFO from £2,000 to £5,000. **Regulation 1.14** is amended to show that the Council must now approve any grant or single commitment over £5,000.
- 3.2 **Approval of Bank Mandate by Full Council.** Section 6 of Financial Regulations gives Instructions for the making of payments including the numbers of councillors and/or officers required to authorise or sign payments. It is also a requirement that individual councillors and officers are approved by Council when they take on the role of authorisers or signatories. New **Regulation 6.12** introduces this requirement.
- 3.3 **Changes to account details of suppliers.** In order to avoid fraudulent payments new Regulation 6.13 introduces a requirement for a hard-copy notification to be sent by a supplier whenever bank details are changed. This change must be verified in writing by both an officer and a councillor.

- 3.4 **Use of Debit Card.** New Regulation 6.14 to give guidance on the use of a Debit Card on the Council's Trustee account. A debit card will be issued to the Clerk and RFO with a single transaction limit of £1,000 unless prior approval is given by the council or FGP Committee.
- 3.5 **Use of Cash.** A statement to confirm a long-standing practice of the council that there will not be a petty cash float and that cash will not be accepted as a means of payment.

4. **Recommendation.**

- 4.1 That the Council approve Financial Regulations AL2 dated 20 May 2024.

Annex 1 to Report 24. (1) Amendments to Financial Regulations.

New and amended Regulations are reproduced in full below.

Change to payment limit for the Clerk and RFO.

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 over £5,000; 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.

Approval of Bank Mandate by Full Council.

6.12. Where internet banking arrangements are made with any bank, the Clerk and RFO shall be jointly appointed as Service Administrators. The bank mandate approved by the council shall identify at least four councillors, usually members of the Finance and General Purposes Committee, who will be authorised to approve transactions on those accounts in accordance with 6.4. When any changes are made to the mandate they shall be approved by full council.

Changes to account details of suppliers.

6.13. 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 a hard copy authority for change signed by the Clerk or RFO and one member.

Use of Debit Card.

6.14. A Debit Card will be issued for the use of the Clerk and RFO. The Debit Cards are restricted to a single transaction maximum value of £1,000 unless authorised by the council or the Finance and General Purposes committee before any order is placed. All purchases on a Debit Card shall be retrospectively approved by the council.

Use of Cash.

6.15. The council will not maintain any form of cash float and will not accept cash as a form of payment.