

POLICY AND RESOURCES COMMITTEE

2nd May 2023

FINANCIAL REGULATIONS

In order to more efficiently execute the business of the Council, and to reduce the burden on Councillor time, officers have been considering how procedures could be changed in order for officers to make payments to creditors whilst still maintaining good audit control and low financial risk.

In order to do this Officers have reviewed the Financial Regulations 5 and 6 that deal with the making of payments to creditors.

These changes will mean that the Council in effect:

1. Delegates the authorisation of payments to officers, controlled and monitored by the Responsible Financial Officer (RFO).
2. The payments may be made by electronic banking or cheque. Both of which require dual control.
3. Require those payments to be reviewed by the Policy & Resources Committee (P&R) via inspection of supporting paperwork at, or in advance, of the next available P&R meeting

The changes do not allow:

1. Officers to make payments that are not already agreed via the budget or other specific Council decisions
2. Officers to make payments without following the correct authorisation procedures, or make any payment independently

It is **recommended** to put these changes forwards to Full Council in order to allow a more efficient and robust operation within the Town Council Finance operation.

Jonathan Parsons
Town Clerk

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.
- 5.2 The RFO, or nominated officer, shall prepare a schedule of payments ~~that shall be initialled, and the relevant cheques and/or the relevant lists of electronic payments signed, by two councillors who are members of the Policy and Resources Committee and have been duly authorised by the Committee.~~ **that shall be independently checked and initialled by a nominated officer or a member of Policy and Resources Committee.** A detailed list of all payments together with the relevant invoices will be presented to the next meeting of the Committee and included in the meeting agenda. The committee shall review the schedules for compliance and, having satisfied itself shall ratify payment by a resolution of the committee. 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. All amendments to supplier information to be entered within the electronic payment system are checked by a duly authorised signatory councillor being a member of the Policy & Resources Committee or the Responsible Finance Officer and that check evidenced.
- 5.3 Under the Council's transparency policy a list of payments in excess of £500 is published on the Council's website monthly.
- 5.4 All invoices for payment shall be examined, verified and certified by the RFO or a nominated officer to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure which will be presented to the next Policy and Resources committee meeting.
- 5.5 The **Senior** Finance Officer shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall undertake random checks on payments made and allocation to expenditure headings. The RFO shall take all steps to settle invoices submitted and which are in order, and report the payment to the next available Policy and Resources committee meeting as in 5.2 (above).
- 5.6 The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- ~~a) an expenditure item authorised under 5.6 b (below) provided that a list of such payments shall be submitted to the next appropriate meeting of the Policy and Resources committee; or~~
 - a) **Items covered by the agreed annual budget or other specific Council resolution**
 - b) fund transfers within the council's banking arrangements up to a sum of **£50,000 £70,000**, provided that a list of such payments shall be submitted to the next appropriate meeting of the Policy and Resources committee.
 - c) payments under Section 4.5 above.

(For reference 4.5 *In cases of extreme risk to the delivery of council services, the clerk, or nominated officer, may authorise revenue expenditure on behalf of the council which in the clerk'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 £2500. The clerk will report the action to the Mayor as soon as possible and to council as soon as is practicable thereafter.*)

- 5.7 A record of regular payments (excluding Direct Debits) made under 5.6 (above) shall be drawn up and shall be signed by two members on each and every occasion when payment is authorised in order to minimise the risk of duplicated payments being authorised and/or made.
- 5.8 In respect of grants the Policy and Resources 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 £5,000 shall before payment, be subject to ratification by resolution of the Council.
- 5.9 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.
- ~~5.10 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.~~
- 5.11 The details of any new suppliers and any changes notified by existing suppliers will be cross checked by the Senior Finance Officer and the Finance Officer and initialled ~~by a duly authorised signatory Councillor, being a member of the Policy and Resources Committee or by the Responsible Finance Officer.~~
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 Policy and Resources committee, or if so delegated the RFO or nominated officer shall give instruction that a payment shall be made.
- 6.3 All payments shall be effected by cheque, electronic or other instructions to the Council's bankers, or otherwise, in accordance with a Resolution of Council or duly delegated committee
- 6.4 Cheques or orders for electronic payment drawn on the bank account in accordance with the schedule as presented to the Policy and Resources committee shall be signed by two members of that committee or independent senior Officers – the RFO, Senior Finance Officer or Assistant Town Clerk. Once satisfied that the payments have been made correctly, the Policy and Resources Committee will resolve to accept them as presented. 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 and the payment list. In the case of electronic payments authorised councillors or officers will check the payment details and evidence that check.
- 6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water), other regular services paid monthly or annually and any National Non-Domestic Rates and also any VAT payable may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to the Policy and Resources committee at the next convenient meeting. The

approval of the use of a variable Direct Debit or any other form of direct payment instruction shall be renewed by resolution of the Council at least every two years.

- 6.8 Access to computer software containing financial information will be limited to the Responsible Finance Officer, the Senior Finance Officer and the Finance Officer and will be password protected. In accordance with Lloyds Bank and Council procedures passwords will be changed ~~on a regular basis~~ according to best practice.
- 6.9 No employee or councillor shall disclose any password, or give access to any two factor authentication device relevant to the working of the Council or its bank accounts, to any person not authorised in writing by council or a duly delegated committee. The RFO shall maintain the ability to input and interrogate any of the Council's computers
- 6.10 Regular back-up copies of the records on any computer shall be made and shall be stored securely off site.
- 6.11 The Council shall ensure that anti-virus, anti-spy-ware and firewall software with automatic updates, together with a high level of security, is used.
- ~~6.12 Any Debit Cards issued for use will be restricted to the RFO and nominated officers and will be restricted to a single transaction maximum of £500 unless authorised by the Policy and Resources committee in writing before any order is placed.~~
- 6.13 A Business Charge card may be issued to officers with varying limits. These limits will be set by the Policy and Resources committee. Transactions and purchases made will be reported to the Policy and Resources committee.
- 6.14 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. ~~Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.~~
 - a) The RFO shall maintain a petty cash float of £450 ~~for the purpose of defraying operational and other expenses.~~ Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - 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 shall be shown separately on the schedule of payments presented to Policy and Resources committee under 5.2 (above).