Report 1 from Finance Advisory Group Chairman

Updates to Finance Regulations

1.1 Adoption of Regulations

Following review by the RFO and Chairman of the Finance Advisory Group (F-AG) proposed amendments were discussed on 21st April 2020 at a video meeting of the F-AG and subsequently updated.

Proposal: It is recommended that the Council approves the latest version of the Finance Regulations circulated with this Finance Report 1.

All Councillors are asked to familiarise themselves with these updated Regulations which operate under the Council's Standing Orders.

The following pages give details of key changes made, include wording to reflect decisions previously agreed following discussion at full Council.
Numbers are to the relevant sections of the Finance Regulation v1.1 proposed 200512

1.2 Quarterly reconciliation of bank statements with Electronic Cash book (EDGE) statements

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

"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.

On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or authorised 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 Finance Advisory Group and subsequently report to the council."

This is the clause in the Financial Regulations which requires BPC to have a nominated Councillor (NOT the PC Chairman or an authorised bank signatory) to carry out reconciliation, checking that entries on all bank statements match entries on the 'Cash Book' - in our case the EDGE Finance system.

The BPC Chairman is working with the RFO to identify Councillors who match these criteria.
It would be helpful to have more than one Councillor designated to carry out this activity.

If this task is carried out after the monthly reconciliation of accounts for Council meetings in April, July October and January, it can be reported to Finance AG at the meetings later the same month and reported formally to Council in May, September, November and February each year.

The RFO and Chairman of Finance AG will take advice from auditor on whether there is any preferred method of recording these checks and, if necessary, following up any variance identified.

Report 1 from Finance Advisory Group Chairman

1.3 Banking arrangements and authorisation

Section 5.2 of the Finance Regulations have been updated to align with the arrangements agreed at the April2020 Council meeting and to ensure consistency with other paragraphs of the Finance Regulations and with national guidance on good practice in relation to the management of confidential payments information.

Paragraph 5.2 now reads:

"The RFO shall prepare a schedule of payments requiring authorisation.

The non-confidential payments schedule shall form part of the Agenda for the Meeting and, together with the relevant invoices, shall be presented by Council or Advisory group or Committee.

The schedule of confidential payments shall only be presented to the defined sub-set of Councillors, in line with agreement for balancing data protection and oversight which was approved at the March 2020 Council meeting. Minute number (2019- 20) 479

"One hard-copy of the statement of confidential payments and supporting details shall be available at each Council meeting, for inspection but only in line with Regulation 7.4.

The Statement of Reconciliation of the bank account from which confidential payments are made shall also be available in hard copy at each meeting; Councillors can request sight of the confidential payments in line with the Council's Standing Orders and JPAG recommendation.

The Council or Advisory Group or Committee shall review the schedule of non-confidential payments for compliance and, receive confirmation from the nominated Councillors that confidential payments have been verified. Council having satisfied itself shall authorise payment by a resolution of the Council. The approved schedule shall be signed and dated by the Chairman of the Meeting.

A detailed list of all non-confidential payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Confidential, personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) shall be summarised to remove public access to any personal information, as required by data protection legislation."

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

by any person authorised under Audit Commission Act 1998, or any superseding legislation."

Report 1 from Finance Advisory Group Chairman

1.4 Approval of Direct Debits (Regulation 6.21)

In line with the Finance Regulations in April 2020 the F-AG members reviewed and approved the Direct Debits set up for payment from the Council's current account (Unity Trust).

Suggested addition:	Reason:
Pension Payments	Statutory payment under pensions legislation
Information Commissioners Office	Mandatory annual Data Protection fee
Corporate Debit & Credit cards	Council required that these be settled in full each month

Proposal: Following review by FAG members the Council is asked to approve addition of these classes of Direct Debit to the Finance Regulations:

1.5 Approval of the use of BACS or CHAPS (Regulation 6.10)

BPC is required to renew these by resolution of the council at least every two years.

Proposal: That Council resolves to continue use of BACS payments as the preferred method for bill payments other than those where Direct Debit arrangements are in place in line with Finance Regulations

1.6 Management of PIN and Password details (Regulation 6.12)

The F-AG discussed this issue at its April 2020 meeting.

Finance Regulations require that:

> "*where a computer requires use 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 Chairman of Council in a sealed dated envelope. This will <u>not</u> be required for a member's personal computer used only for remote authorisation of bank payments.*"

Proposal: That the Council delegates to the Digital and Communications Advisory Group the actions required to ensure this requirement is met in full and that completion of this task should be notified to the Chairman of the Compliance AG.

1.7 Petty Cash (Regulations 6.19, 6.20, 6.21 &6.22)

The Finance Regulations have been updated to reflect the closing of the Clerk's petty cash float. Along with revisions to sections 6.19 & 6.20 of these regulations to clarify the operational arrangements for the use of cards as an alternative to Petty Cash, sections 6.21 and 6.22 have been fully revised to fully reflect the council's agreed position.

Only in exceptional circumstances, and with prior agreement of at least one other councillor, may any Councillor make direct payment for items for Buckden Parish Council use.

- This is good financial practice, in line with Financial Regulations, and additionally avoids any doubt over whether the VAT on such purchases can be reclaimed by BPC.
- Wherever possible, please ask the Clerk to make card-not-present payments and ensure that all receipts & invoices for items for council use show (as far as possible) that BPC is the purchaser.

Report 1 from Finance Advisory Group Chairman

The Finance Regulations now read:

6.21 *"Any corporate credit card or trade card accounts opened by the council will be specifically restricted to use by the Clerk/RFO and named employees shall be subject to automatic payment in full at each month-end.*

Personal credit or debit cards of members or staff or Councillors should not normally be used to make purchases on behalf of the council. In exceptional circumstances where this is necessary for the efficient management of council business then prior authorisation shall be sought from at least one Councillor not directly involved in the transaction and the purpose recorded by the requestor; that record to be submitted with any request for reimbursement, in addition to evidence that the payment was made as planned.

6.22 The RFO does not hold a petty cash float[1]. Requests for payments made other than with the council's cards or via their bank accounts and in line with these regulations shall be forwarded to the RFO with a claim for reimbursement; such reimbursement shall be made via internet banking only.

Petty cash payment cannot be accepted other than in exceptional circumstances. Where cash is handed to the Clerk a written receipt will be given and the cash will be paid into the council's current account at the earliest possible opportunity"

Unavoidable transactions in cash will be reported in writing to the council at its next meeting.

As set out in the agreed March 2020 "Risk Assessment - Transport & Handling of Cash" the Chairman, Finance-AG is working with the RFO, and with those groups who have historically given prizes in cash, to identify and agree alternative which can be managed by the Clerk using other means e.g. vouchers or authorised payments using internet banking.

APPENDIX: FINANCE REGULATIONS

[1] Ref Approval to change in petty cash transaction approved by council in November 2018 and subsequent reconciliation and closing of petty cash float arrangements from 01April 2019.
See also Financial Risk Management Policy, Appendix 4 approved by council March 2020 including minimising whenever possible the use of cash.