**Compton Abbas Parish Council**

**Internal Control Review/ Financial Regulations for 2019/2020**

**Background Information**

In the parish council meeting held on 18th December 2019, discussions held, revealed that Financial Regulations were not being followed in a number of areas. The next day, the clerk signalled her intention to resign, as soon as a replacement could be found. A new clerk was appointed as of 2nd February 2020. As part of the process of establishing new policies and procedures, it was agreed, that it would be best practice to start afresh. This document therefore highlights the key areas of focus for the council and how it will determine functions, responsibilities, actions and evidence of compliance with key regulations.

**Documentation Review**

* All key financial documentation to be reviewed, and existing accounting information to be transferred for current year on to new systems, and advised to council at next meeting for approval
* All Standing Orders and Regulations to be reviewed, and submitted for approval, (if required, on a staged basis over next 2 meetings).
* Asset Register to be linked with all reports received/produced during current financial year, and all names within (e.g Play Inspection Co report references to play equipment) to be unified.

**Process Review**

* Key processes will be driven primarily by regulations and guidance already in existence
* Consideration to be given to tasks required and who is best to perform these duties
* Review of areas previously overlooked

**Standing Orders , Policies and Regulations Review**

New clerk and councillors have reviewed all required documentation. All to be replaced.

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| **No** | **Document** | **Current Year** | **Status** | **In Hand** | **Required Action** |
| 1 | Code of Conduct | 2017 | Operational  date of adoption not recorded | YesRe-issue required | Replace 2019/2020To be adopted 25th March 2020 |
| 2 | Financial Regulations | 2017 | Out of date  new regs issued August 2019 | YesRe-issue required | Replace 2019/2020To be adopted 25th March 2020 |
| 3 | Privacy/FOI Policy | 2018 | Operationaldate of adoption not recorded | YesRe-issue required | Replace 2019/2020To be adopted 25th March 2020Correct email address |
| 4 | Privacy Notice | 2018 | Operationaldate of adoption not recorded | YesRe-issue required | Replace 2019/2020To be adopted 25th March 2020Correct email address |
| 5 | Standing Orders | 2017 | Operationaldate of adoption not recorded | YesRe-issue required | Replace 2019/2020To be adopted 25th March 2020 |
| 6 | Complaints Procedure | N/A | Not in place | YesTo be implemented | Introduce 2019/2020To be adopted 25th March 2020 |
| 7 | Grant Policy | N/A | Not in place | YesTo be implemented | Introduce 2019/2020To be adopted 25th March 2020 |
| 8 | Health & Safety Policy | N/A | Not in place | YesTo be implemented | Introduce 2019/2020To be adopted 25th March 2020 |
| 9 | Equality Legislation Policy | N/A | Not in place | YesTo be implemented | Introduce 2019/2020To be adopted 25th March 2020 |
| 10 | Accessibility Statement | 2020 | In place | Yes | None – already actioned |

**Further policies and procedures will be introduced once full review undertaken by Clerk/RFO**

**Review of Key areas of Financial Regulations**

NB Financial regulations form integral elements of internal control.

1. **General**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 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. Full review of Financial Regulations to take place
2. Key areas identified
3. Key tasks designated to RFO/members as required
4. Evidence of these tasks/reviews to be reported to full council
 | This document is the evidence of the internal review for 2019/2020 | Council to determine* When future reviews will take place
* Who will conduct these reviews
* RFO to ensure these are scheduled within agendas
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| 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 £5000 and * in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference
 | **Bank mandate**1. To ensure that former clerk has no residual access to banking systems
2. To ensure council can operate – i.e has at least 2 cheque signatories
3. To review further signatories after co-option has taken place
4. To ensure one member remains a non-signatory to ensure internal controls are reviewed with full assurance of independence
5. Work with Lloyds Bank to ensure full mandate is updated and correct as soon as possible
 | RFO to provide report at next meeting 25th March 2020New clerk contract provides details of agreed salary for 2020/2021 | Bank Mandate to be reviewed at regular intervals – clerk to recommend review dates for full council to approveAnnual salary review set out in regulations states this should take place each October. In practice NALC/SLCCsalary scales are not issued until at least April |

1. **Accounting and Audit**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 2.2 | On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [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.  | **AS OF 25th March 2020**  **1**.Bank Reconciliation to be produced quarterly as part of new accounting system prepared by new Clerk/RFO.**2** Read only access to the bank account to be given to Cllr Coupe who will review the bank account monthly and provide a financial report for each of the 3 months reviewed, together with assurance/overview at each meeting in conjunction with signing the bank reconciliation. NB Cllr Coupe **will not be a bank signatory**, therefore demonstrating independence from the financial process | * Minutes
* Documentation review
* CAPC Bank mandate
* Reconciliations also evidenced in October Budget Scoping Meeting notes NB discrepancies highlighted were corrected by clerk in Dec 2019
 | Member with responsibility to be reviewed regularly, and all roles/responsibilities to be considered with the necessity of independence  |
| 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.
 | 1. Terms of engagement to be determined for 2019/2020
2. RFO to provide letter of engagement to internal Auditor
 | * Minutes
* Documentation
* Report from Internal Auditor
* Audit Return
 | Terms of engagement to be reviewed annuallyFindings of internal audit to be reviewed immediately after receipt |

1. **Annual Estimates and Budget Planning**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 3.1 | Each committee (if any) shall review its three-year forecast 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 each year including any proposals for revising the forecast. | * Continue to use the 8 year forecasting system until further notice
* Clerk to review if any grants are available for budgets such as play area
 | * Financial accounting systems
* Minutes
* Income and Expenditure sheets
* Budget v Spend documentation
 | To review quarterly To ensure full budget planning for following financial year begins in September meetings annually |
| 3.2 | The RFO must each year, by no later than 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 council. | * Full budget planning process document for 2019/2020 to be provided to clerk
* Budget areas to be added to accounting systems (like cost centres)
* All expenditure will then automatically be allocated to the appropriate budget area on an ongoing basis
 | * Accounting system
* Minutes
* Income and Expenditure sheets
* Budget v Spend documentation
 | To review quarterly To ensure full budget planning for following financial year begins in September meetings annually |
| 3.3 | The council shall consider annual budget proposals in relation to the council’s three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly. | * To determine whether CPRE grant should be returned at next meeting (25th March 2020)
* Reserves to be clearly determined between

General and Earmarked | * Accounting system
* Minutes
* Income and Expenditure sheets
* Budget v Spend documentation
 | To review quarterly  |
| 3.5 | The approved annual budget shall form the basis of financial control for the ensuing year. | * All members to understand that new expenditure should be considered for the following financial year
* All virements should be clearly signposted on all documentation if deemed necessary
 | * Accounting system
* Minutes of EGM 4th December 2019
* Minutes of EGM 17th Jan 2020
* Minutes for 2019/2020
* Income and Expenditure sheets
* Minimal unbudgeted expenditure to be the “norm”
* All new budget documentation from 25th March 2020 onwards
 | To review quarterly as part of the regular budget review |

**4. Budgetary control and authority to spend**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 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 £5,000;
* a duly delegated committee of the council for items over £500; or
* the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.Contracts may not be disaggregated to avoid controls imposed by these regulations. | * To be minuted at next meeting
* All contracts to follow these guidelines
 | * Minutes
* Contract documentation/letters of appointment/terms of engagement
 | To review quarterly as part of the regular budget review |
| 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’). | No virements made during 2019/2020**Spending was however authorised against areas not included in the budget (e.g play area/printing costs). This set in motion a full review by councillors, that indicated that the 2019/2020 budget was set incorrectly (without evidence) and approved without appropriate guidance by the former clerk*** Full budgeting exercise completed through Oct 2019 – Jan 2020
 | * Minutes
* Budget Planners
* Precept increase
* Contracts
* Budget Scoping Session Review
* New Payment schedule (from 25th March 2020)
 | To review quarterly as part of the regular budget review |
| 4.4 | The salary budgets are to be reviewed at least annually on before the budget setting in November for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time. | * New clerk’s contract, and minutes of EGM’s for 2019/2020 shall be used as evidence of the salary review for Oct/Nov 2019

**A formal review was not completed by the former chairman and former clerk as per Financial Regulations** | * Minutes
* Contract documentation/letters of appointment/terms of engagement
* To evidence with signed statement from October/November 2020 onwards
 | To form part of a regular agenda item for December meetings, and signed schedule included as an integral part of the budget setting process |
| 4.5 | In cases of extreme risk to the delivery of council services, the clerk 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 £500. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter. | * To be reviewed and policy/actions agreed as per current environment, and possible suspension of future meetings in light of Covid 19 crisis
 | * Minutes
* Financial accounting systems
* Documents/Invoices
 | Advice to be followed as made available |
| 4.8 | 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. For this purpose “material” shall be in excess of £100 or 15% of the budget. | * New financial documentation to be provided by new clerk, in line with regulatory requirements
 | * Minutes
* Financial accounting systems
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| 4.9 | Changes in earmarked reserves shall be approved by council as part of the budgetary control process | * Reserves to be agreed in budget review and clerk to provide information that clearly separates reserves and budget funds going forward during 2020/2021
 | * Minutes
* Financial accounting systems
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**5. Banking arrangements and authorisation of payments**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 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. | * Banking mandate to be set up
* Banking mandate review to be completed quarterly
* Credit references to be discussed and reviewed
 | * Minutes
* Documentation
 | To be included in review of internal controls and Terms of Reference for Internal Audit |
| 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. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be ruled off and initialled by the Chairman 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. | * 2019/2020 payments to be reconstructed into new schedule and introduced on 25th March 2020
* This will be produced at each meeting from 25th March 2020 onwards
* This will be separate from the budget review document
 | * Minutes
* Documentation
 | To be included in review of internal controls and Terms of Reference for Internal Audit |
| 5.3 | 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. | * To be confirmed at each meeting via the payment schedule in the agenda from 25th March 2020 onwards
 | * Minutes
* Documentation
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| 5.4 | 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 meeting. | * To be confirmed at each meeting via the payment schedule in the agenda from 25th March 2020 onwards and in the bank reconciliation
 | * Minutes
* Documentation
 | Extra checks will also be made and evidenced by both cheque signatories and within the bank reconciliation |
| 5.5 | The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances: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 Clerk and RFO certify 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 finance committee];b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council; orc) fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council. | * Not clearly defined in the minutes for financial year 2019/2020 to date
* To be implemented for financial year 2020/2021
 | * Minutes
* Documentation
 | To be reviewed as necessary |
| 5.6 | 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 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. | * To be implemented for financial year 2020/2021
* Salary payments to be included in independent bank reconciliation
 | * Minutes
* Documentation
 | Ongoing  |
| 5.7 | 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. | * To be implemented for financial year 2020/2021
* To be signed by bank signatories at the same time as signing cheque payments
* Salary payments to be included in independent bank reconciliation
 | * Minutes
* Documentation
 | Ongoing |

**6. Instructions for the making of payments**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 6.2 | Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made. | * To be reviewed as part of ongoing policy and NALC/Govt guidance during COVID 19 crisis
 | * Minutes
* Documentation
 | Ongoing |
| 6.3 | All payments shall be affected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council. | * As per banking mandate
 | * Minutes
* Documentation
 | Ongoing |
| 6.4 | Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of council, in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question | * Chairman to check at each meeting when disclosures of interest are reminded and asked to be declared
 | * Minutes
* Documentation
 | Ongoing |
| 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 |  | * Cheque book stubs
* Documentation
 | Ongoing |
| 6.6 | Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting. | * To be reviewed for 2020/2021
* If necessary, to be evidenced on schedule of payments
 | * Minutes
* Documentation
 | Ongoing |
| 6.8 | 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. | * To be reviewed for 2020/2021
* If this proceeds, copy of bank standing order mandate to be retained as part of council’s records
* Diary system to be set up to carry out appropriate review
* To be included in new employee appointment/leaving checklist
 | * Minutes
* Documentation
 | Ongoing if adopted |
| 6.9 | 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. | * To be reviewed for 2020/2021
* If this proceeds, copy of bank standing order mandate to be retained as part of council’s records
* Diary system to be set up to carry out appropriate review within timescales
* To be included in budget review (if contractor changes)
 | * Minutes
* Documentation
 | Ongoing if adopted |
| 6.10 | 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. | * Clerk to review procedures required by Lloyds Bank and to be discussed during new financial year 2020/2021
* If banking transfers are to be adopted, a fuller review of the financial regulations covering these transactions will be evidenced in supporting documentation for the appropriate agenda item
 | * Minutes
* Documentation
 | Ongoing if adopted |
| 6.13 | 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. | * Clerk to advise councillors how this will be best implemented (2 memory sticks rotated at meetings?)
* Costs to be established
* Obtain documents and computer records from former clerk
* Obtain older documentation stored by former councillor C Owen
 | * Minutes
* Documentation
 | Ongoing |
| 6.14 | 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. | * Clerk to confirm what systems are in place
* Councillors to confirm that appropriate security systems are in place on private computers
 | * Minutes
* Documentation
 | Ongoing |
| 6.21 | The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk /RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly. | * To be reviewed quarterly
 | * Minutes
* Documentation
 | Ongoing |

**7. Payment of salaries**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 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. | * To be reviewed annually as per regulation 4.4
* Any change will be subject to an agenda item, with full business case and requiring council approval
 | * Minutes
* Documentation
 | Ongoing |
| 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; ord) by any person authorised under Audit Commission Act 1998, or any superseding legislation | * Any access required will be brought to the attention of the council
* Internal auditor should include within any report to the council, if access has been requested
 | * Minutes
* Documentation
 | Ongoing |
| 7.6 | An effective system of personal performance management should be maintained for the senior officers. | * Job description provided to new clerk on appointment
* Council to determine frequency of reviews held and appoint councillors to this role
* Council/Clerk to determine date of review(s)
 | * Minutes
* Documentation
 | Ongoing |
| 7.7 | Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council | * To be actioned only if appropriate (NB respecting confidentiality)
 | * Minutes
* Documentation
 | As required |
| 7.8 | Before employing interim staff, the council must consider a full business case. | To be actioned only if appropriate | * Minutes
* Documentation
 | As required |

**8. Loans and investments and 9. Income**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 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. | * Only one bank account held at time of review. Held in the name of Compton Abbas Parish Council
 | * Documentation
 | Ongoing |
| 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. | * To consider the need for investments/additional bank account to allow for building up reserves in line with precept increase
* If additional accounting is to be taken forward, a separate agenda item will be included to evidence the business case, and requirements needed for adherence to the rest of the Financial Regulations within this area
 | * Minutes
* Documentation
 | Ongoing |
| 9.1 | The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO. | * Precept to be clearly indicated on Income and Expenditure documentation in line with regulations
* If the council considers other ways of generating income, (e,g parking fees for Fanners Field) this will be reviewed in full and all regulations considered as art of said review
 | * Minutes
* Documentation
 | Ongoing |

**10. Orders for work, goods**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 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. | * To adopt for all works authorised during 2020/2021 – e,g grass cutting of Fanners Field
 | * Minutes
* Documentation
 | Ongoing |
| 10.3 | All members and officers are responsible for obtaining value for money at all times. An officer 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 11.1 below. | * To review schedule of works planned for 2020/2021
* To determine which budget areas require further quoting
* To obtain quotes as per regulations
 | * Minutes
* Documentation
 | Ongoing |
| 10.4 | A member may not issue an official order or make any contract on behalf of the council | * All instructions/orders and contracts will be issued by the clerk and copies retained
 | * Minutes
* Documentation
 | Ongoing |
| 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. | * In view of increased precept for 2020/2021, all purchases and contracts will be reviewed and the clerk will include the appropriate reports within all agenda items relating to these
 | * Minutes
* Documentation
* RFO Reports
 | Ongoing |

**11. Contracts**

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 legal professionals acting in disputes;

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 £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman 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) Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations[[1]](#footnote-1).

c) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)[[2]](#footnote-2).

d) 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.

e) Such invitation to tender shall state the general nature of the intended contract and the Clerk 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 Clerk 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.

f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.

g) Any invitation to tender issued under this regulation shall be subject to Standing Orders section 18 and shall refer to the terms of the Bribery Act 2010.

h) When it is to enter into a contract of less than £25,000 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 Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below [£3,000] and above [£100] the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

i) The council shall not be obliged to accept the lowest or any tender, quote or estimate.

j) 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.

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 11.1 | As above | * Current ongoing contracts include – clerk, and grass cutting services. Clerk’s contract has recently been negotiated. Contact with grass cutting services provider to take place and letter of engagement (including full terms) to be provided. Review, if necessary if financial limits exceeded, and report provided for year end figures
* All new contracts for 2020/2021 will be subject to the above regulations and RFO required to verify as per 10.5 above
 | * Minutes
* Documentation
* RFO Reports
* Copies of letters of engagement
 | Ongoing |

**14. Assets, properties and estates**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 14.1 | The Clerk 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. | * To ensure receipt for Title Deeds to Fanners Field are included in handover of documents from former clerk
* To contact Rutters solicitors in Shaftesbury to obtain written confirmation that title deeds held on behalf of parish council, and retained as evidence
* Asset Register to be updated accordingly
 | * Minutes
* Documents
* Asset Register
 | Ongoing |
| 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]. | * To consider if charging any fees for parking on Fanners Field (£1 nominal value) should be reviewed within this regulation
* To consider implications of forward plans for replacing assets, bus shelters, play area etc and need for public consultation
* To have in place, an appropriate method for any consultation exercise that combines both full transparency and value for money
 | * Minutes
* Documents
* Asset Register
* Consultation documents (if required)
 | Ongoing |
| 14.5 | Subject only to the limit set in Regulation 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. | * During 2020/2021, and beyond, all purchases will be subject to a full business case, in line with the increased precept and forward plan for replacing assets
 | * Minutes
* Documents
* Asset Register
* Consultation documents (if required)
 | Ongoing |
| 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. | * Full review of Assets completed in March & May 2019. Also Inspection carried out of play area. Annual review to be repeated in May
* Asset Register to be reviewed and re-written, This will include all required information as per JPAG recommendations (locations etc) and will re-name assets in line with inspection reports so that all records cross reference
 | * Asset Register
* Fanners Field Review
* Assets Review
* JPAG Guidance
* Insurance documents
* Play Area Inspection Reports
 | Ongoing |

**15. Insurance**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 15.1 | Following the annual risk assessment (per Regulation 17), the RFO shall effect all insurances and negotiate all claims on the council's insurers [in consultation with the Clerk]. | * Current insurance document to be reviewed by clerk against 2019 reviews and inspections
 | * Minutes
* Documents
 | Ongoing |
| 15.2 | The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances | * Current insurance document to be reviewed by clerk against 2019 reviews and inspections
 | * Asset Register
* Fanners Field Review
* Assets Review
* JPAG Guidance
* Insurance documents

Play Area Inspection Reports | Ongoing |
| 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. | * Insurance documentation to be obtained and record retained
 | * Minutes
* Documents
 | Ongoing |
| 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. | * To be reviewed as required
 | * Minutes
* Documents
 | Ongoing |
| 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 by the council, or duly delegated committee. | * Current insurance document to be reviewed by clerk
 | * Minutes
* Documents
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**17. Risk management**

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 17.1 | The council is responsible for putting in place arrangements for the management of risk. The Clerk/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 | * To be reviewed as part of Clerk’s updating of policy and procedures
 | * Minutes
* Documents
 | Ongoing |
| 17.2 | When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.  | * For the new financial year 2020/2021, all activities will be reviewed. This is part of the ongoing review process agreed on appointment of the new clerk
 | * Minutes
* Documents
 | Ongoing |

**18. Suspension and revision of Financial Regulations**

The Model Financial Regulations templates were produced by the National Association of Local Councils (NALC) in July 2019 for the purpose of its member councils and county associations. Every effort has been made to ensure that the contents of this document are correct at time of publication. NALC cannot accept responsibility for errors, omissions and changes to information subsequent to publication.

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| Regulation number | Statement | Actions Required | Evidence | Ongoing actions |
| 18.1 | It shall be the duty of the council to review the Financial Regulations of the council from time to time. The Clerk 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. | * To sign up to NALC emails
* To regularly review DAPTC’s website
* To advise councillors of any proposed changes immediately and include on the agenda of next meeting for adoption
 | * Minutes
* Documents
 | Ongoing |
|  | 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. | * To review on an ongoing basis any circumstances that may trigger these actions
 | * Minutes
* Documents
 | Ongoing |

[Notes]

This review has been carried out in accordance with the resolution passed at the Extraordinary General Meeting of Compton Abbas Parish Council, held on January 17th 2020.

Extract from minutes is copied below :-

**17/01/06 To appoint a Finance & Governance Committee**

**It was Resolved** that it was likely that a full review of the Finance and Governance arrangements would be carried out once the new clerk had been appointed, and included in the handover process. Cllr Coupe would work with the new clerk to ensure the internal controls were reviewed in accordance with CAPC’s Financial Regulations 2017 for the current year for Audit purposes.

The new clerk was appointed on 3rd February 2020, and the updated NALC Financial Regulations issued July 2019 were used to carry out this review.

Review completed by

Councillor Jude Coupe on behalf of Compton Abbas Parish Council

Actions stated were discussed during a meeting with the Chairman and Clerk, and will be reviewed by all councillors, and internal controls reviewed on a regular basis throughout the coming financial year.

Regular reviews of all internal controls will be undertaken and documented to form part of evidence for the internal auditor.

1. The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)