

Financial Regulations

The basic elements of good governance in local government are the agreement and publication of various codes of practice, processes and procedures. These will ensure the council works to best practice, and by having them available in the public domain, demonstrates openness to residents and a proactive approach to engagement with them.

Why have Financial Regulations?

These are necessary under Transparency Regulations to ensure that public funds are managed in an open and accountable way. The draft regulations you are being asked to consider have been drawn up by the National Association of Local Councils.

How are they different and better than the existing Regulations?

Your existing regulations omit key responsibilities that need to be undertaken by the Responsible Financial officer (RFO) and Councillors. The list below highlights some of the key changes: (references are to the proposed Regulations)

Section 1.7

Sets out the joint responsibilities that RFO and councillors share.

Section 1.9

Sets out the duties of the RFO that they can be measured and assessed against.

Sections 1.13 and 1.14

Sets out boundaries to its actions and is clear about its obligations. Includes a requirement for any changes to the banking mandate should be recorded at the public meeting.

Sections 1.19, 1.20, 1.21, 1.22, 1.25

Sets out the roles and responsibilities of the internal auditor.

Section 1.35

Gives authority to the clerk to authorise expenditure up to £500 in emergency situations.

Section 1.42

New regulations are clear that payments are made after being approved by council meeting. Invoices must be presented at the time of approval and not 'if requested' as in the previous regulations (Section 5.2)

Section 1.50

Introduces the concept of rotating duties. In this council's situation, all councillors have authority to sign cheques, and by including this clause, all take explicit responsibility for applying the Financial Regulations.

Section 1.52

Recommended that councillors agree to include this additional clause that compels external groups that you may hold funds for to comply with your Financial Regulations.

Sections 1.74, 1.75

Sets out explicit methods for the calculations and payment of salaries and deductions.

Section 1.80

Explicit instructions about calculation and agreement for any termination payments.

The new document is much longer and complex than the current one. Why do we need to adopt all of it?

The new Regulations encompass all scenarios that are current, and make provision for any changes (for example, online banking) that you may have to consider in the future.

What is the Financial Risk Assessment?

This document will replace the all-risk assessment policy currently in place. As with the Financial Regulations, a model template produced by NALC is used as a basis for the risk assessment, modified for local circumstances.

How is it different from the current Risk Assessment?

The current Assessment duplicates parts of your Standing Orders and conflates conflicting statements about the payment and employment status of your former clerk. This document sets out the risks associated with cash and financial management and explains how each topic is identified and the risk managed.

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