

SALISBURY CITY COUNCIL

Report

Subject : Financial Regulations and Internal Financial Controls
Committee : Full Council
Date : 17 January 2022
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1. Report Summary:

- 1.1. The Financial Regulations and Internal Financial Controls (the Regulations) are a core policy of the Council's Constitution. It details the regulations and controls in place to ensure the effective administration, management and control of the Council's finances.
- 1.2. The Regulations are reviewed at least annually to ensure they remain fit for purpose and reflective of changes in legislation and regulations for parish councils.
- 1.3. In accordance with para 1.1 of the Regulations, amendments and variations may only be made by resolution of Full Council. These updated Regulations are therefore being presented to Full Council for approval.

2. Amendments and Variations:

- 2.1. Amendments and variations have been made to these Regulations to ensure continued compliance with the National Association of Local Councils guidance on Model Financial Regulations Templates for England and Wales, to update thresholds and limits as appropriate, and to reflect administrative changes arising from the new ways of working post pandemic.
- 2.2. The following table details the amendments to the Regulations for which Full Council are asked to approve:

FINANCIAL REGULATIONS

| Clause | Description |
|---|---|
| Accounting and Audit (Internal and External) | |
| 2.2 | Clarify the procedure for verification of the monthly bank reconciliations and notification of material discrepancies, and the reporting of these to the Chair and Finance and Governance Committee. |
| Budgetary Control and Authority to Spend | |
| 4.2 | Previously stated no expenditure should exceed a class of expenditure; however this is potentially unachievable, for example, in the case of utilities, where the invoices would have to be paid irrespective of the budget set. Budgetary control in the event of an excess spend is better stated through the use of the term service area. |
| 4.4 | Date by which the salary budget should be annually reviewed by RFO brought forward to October, and that subject to approval by City Clerk. |

| Clause | Description |
|---|--|
| 4.6 | Clarification as to requisite borrowing approval being an alternative to the requirement for the existing availability of funds. |
| Banking Arrangements and Authorisation of Payments | |
| 5.4 | Clarification as to control process for the verification of invoices prior to approval for processing for payment. |
| Payment of Salaries | |
| 7.3 | Former clause 7.3 deleted as contradictory to 7.4 (formerly 7.5) as stated that no changes to terms and conditions without consent from HR Sub Committee. Terms changed in practice as per clause 7.4 through, for example, contract extensions, honorariums, incremental increases. |
| Income | |
| 9.7 | Revision to reflect change in procedures following closure of HSBC counter and new arrangement with secure cash collection supplier for the banking of cash and cheques. |
| Contracts | |
| 11.2 | Revision to reflect purchasing values and to greater facilitate the efficiency and effectiveness of procurement activities. |
| 11.3 | Addition as to Directive Article and Note ** update to OJEU procurement thresholds as applicable to 01.01.21. |
| 11.8 | As per 11.2. |
| Stores and Equipment | |
| 13.4 | Revision to align responsibilities for checks with authorities over stocks and stores. |
| Assets, Properties and Estates | |
| 14.4 | Deletion of inapplicable clause to the asset register and these Regulations. |

INTERNAL CONTROLS

| Clause | Description |
|--------------------------|--|
| Internal Controls | |
| 2a ii | Insertion of wherever possible; simply to note that in cases of notable absence and being a small team, the officer who raised an invoice may also be required to receipt the payment. |

| Clause | Description |
|---------------|--|
| 2a iv | Revision to reflect new control process in place implemented following lockdown, and continued thereafter. |
| 2b ii | Revision to reflect and clarify procedure and control process undertaken. |
| 2g iii | Clarify cheque signatories required for replenishment cheques. |

3. Recommendation:

It is recommended that Full Council:

- 3.1. Approve the adoption of these Financial Regulations and Internal Financial Controls.

4. Wards Affected: All

5. Background Papers: See attached Appendix A