

1. The Administrative Officer should be classified as the RFO in the Financial Regulations (Section 1.2).
2. Cllrs Price and Reid have undertaken to carry out a review of internal controls; this has not been carried out for some time but will be presented to the council at the April Ordinary Meeting, for action (Section 1.4).
3. A three-year forecast is referred to in Section 2.4; presently this does not occur therefore it could be removed if not expected to be part of our processes.
4. Section 4.3 should be amended to state “The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council **to the June meeting.**”
5. Section 5.1 that refers to the council’s Bank Mandate should be amended to state that cheque signatories shall be changed annually and that cheque signatories shall register with internet banking.
6. Section 5.2 should be amended to reflect actual practice, suggested wording is “A schedule of payments shall form part of the Agenda for each Ordinary Meeting; this shall be prepared by the RFO, following verification of each payment by the Clerk, and shall be authorised by a resolution of the Council.”
7. Section 5.3 should be amended to reflect future recommended practice and additionally state “Bank Transfers are the preferred method of payment and shall be drawn upon in accordance with the schedule referred to in paragraph 5.2. Verified invoices shall be presented to Councillor 1 by the RFO, to be checked and signed; following their approval by the council, payments will be set up by the RFO (via on-line banking) ready for submission by Councillor 2 (via on-line banking).
8. Section 6.3 states that Clerk ensures payments are made; this should be changed to the RFO.
9. Section 6.4 should be amended to endorse prompt payment in any event, not only in respect of avoidance of late payment fees. Where invoices have been paid before the next Ordinary Meeting, endorsement shall be included in the Account Schedule. Such payments are subject to the protocol referred to in paragraph 5.3 above.
10. Section 6.6 should be removed as the council does not hold Petty Cash.
11. Section 9.3; the council should ensure that **fees charged** in respect of Allotment Rent, Cemetery Fees and Rent (and any other fees expected to be charged) **are agreed annually**. It is also stated in our Financial Regulations that a review should be carried out each year. Even if a rise is not expected, the council should receive a report from the Clerk, **which should be minuted to demonstrate proper governance**. Or, the Financial Regulations could be altered to reflect the review systems in place for each.
12. Section 9.7 should be amended to state “Personal cheques are only permitted to allow a refund under the Television License Refund Scheme; the sum shall be no more than £1,000 and made out to an officer and submitted for approval as set out in paragraph 5.3 above.
13. It was AGREED at the March meeting that VAT be reclaimed quarterly rather than annually, **this needs to be updated in the regulations** (section 9.8).

14. A better referenced system of checking work and authorising payment has been established and should be included in Financial Regulations. Order numbers are created automatically and should be referenced against invoices received. The Clerk checks the order of work has been completed satisfactorily; the RFO checks the accuracy of the invoice and subsequently arranges for payment to be authorised. The recommendation is that:
- “All work, goods or services **over £250** shall require a Purchase Order” which must be referenced on the invoice for payment.
 - “All invoices for work, goods or services **over £1,000** shall require the minute reference of the work as agreed by the council, unless part of a Contract for Services.”
15. Section 11 should be re-written to reflect current Procurement Law.
16. Section 14.1 should be re-written to reflect current Transparency Laws in relation to assets.
17. Section 14 should include the regulation that the Clerk shall ensure an annual inspection of all assets with due regard to health and safety. RoSPA carry this out for Highfield Park, this leaves Kimberly Park, the Allotments and the Cemeteries. **These should be received annually by the council to ensure proper governance.**
18. The recommendation is that the council moves fully to electronic payments in order to save money and improve efficiency. This would be feasible with the following systems in place:
- The RFO is made a cheque signatory to allow payment set up on-line.
 - Councillors who are authorised signatories should be changed each year and registered for on-line banking, to reduce risk and share responsibility.
 - All payments to be cross-referenced by the Clerk against orders of work and work completed, to ensure legitimate invoice and quality of work.
 - Once verified by the Clerk, the RFO would compile the necessary paperwork for a schedule of accounts to be paid (as is done presently); this would be presented to the Council to authorise payments.
 - A Councillor (1) with cheque signing authority will check and sign each invoice and cheque/BACS Mandate (as is done now).
 - The RFO will set up the payment on-line and a Councillor (2) with signing authority will authorise and send the payment via on-line banking.
 - Payments expected to be made in between meetings that are part of a contract/SLA would be processed in the same way and included in the Payment Schedule for endorsement by the council.

A stamp with the following is suggested:

Prudhoe Town Council			
Date Received		PO No: (+£250)	
Date Verified		Minute Ref: (+£1000)	
Clerk Signature		Cheque/Bacs Ref.	
Authorised Cllr 1		Amount	£
Endorsed at Meeting			
Date RFO Set-Up		Date Sent	
RFO Signature		Authorised Cllr 2	

If AGREED a new set of Financial Regulations will be brought to the March Ordinary Meeting for approval and adoption, as will a new Bank Mandate.