

MEMO

To: Hambledon Parish Council
From: Liz Scannell
Date: 10 August 2018
Ref: Changes required to regulations 3.1 and 3.2 in 2017/18

During the internal audit work undertaken on the accounts for year ended 31 March 2018 it was noted that changes are required to regulations 3.1 and 3.2.

These regulations state that

3.1 Total expenditure on revenue items may be incurred up to, but not exceeding, the amount included in the approved budget.

3.2 The RFO shall provide the Council with an up-date of its financial position at each meeting.

The difficulties associated with the wording of these regulations has been discussed with John Andersen, Sean Sinnott and Caroline Clark and it is recommended that they should be changed as set out below.

Regulation 3.1 – no payments above budget

There may be circumstances that arise which result in expenditure being required which is not included in the approved budget. The strict wording of this regulation means that there is no opportunity for the Council to deal with unexpected expenditure in excess of budget if required.

It is recommended that regulation 3.1 is changed along the lines of the following:

“Total expenditure on revenue items may be incurred up to the amount included in the approved budget. If expenditure is required which exceeds the approved budget, this should be considered by the Council in advance of payment and not paid unless it is approved by the Council.”

Regulation 3.2

The wording of this regulation is not clear as it refers to the “financial position” which is not defined. This has been interpreted by the RFO to be the cash position and it is reported at each meeting whether the cash balance is positive or negative.

On discussion with the Council members noted above, it was concluded that the position which should be reported on is the performance against budget as the cash balance was likely to remain positive (at least in the short-term) even if budget is exceeded.

It is recommended that regulation 3.2 is changed along the lines of the following:

“The RFO shall provide the Council with an up-date of its financial position at each meeting. The report shall include a reconciliation of actual spend compared to budget and information on the cash balance.

It is noted that the Council may want to reduce the frequency of this reporting (eg quarterly) to reduce the item required from the Clerk.