



NORTH WALSHAM TOWN COUNCIL

Financial Risk Management

Adopted by the Council at its meeting held on 30.6.15

1 Introduction

- 1.1 Financial risks can be managed by effective internal controls, Standing Orders and Financial Regulations, and by insurance.
- 1.2 These controls are subject to change throughout the year

2 Internal Financial Controls

2.1 Cash and cheque receipts:

- All cash and cheques received are entered into a paying in book.
- Cash and cheques receipts are banked regularly during normal office hours. No hi-viz vest should be worn and the paying in book is kept in a bag and therefore out of sight to members of the public
- Collection of card payments must be undertaken by the Finance Officer or Town Clerk/RFO
- If 'cash' exceeds £500, Finance Officer/Town Clerk/RFO will be accompanied to the bank/post office by one other member of staff/councilor.
- In the event of a challenge on route to the bank/post office, all staff have been briefed of procedures to follow

2.2 Income:

- Income is monitored regularly and reported if any payments due are in arrears.
- Market pitches are invoiced on a regular basis.
- The Finance Officer and Town Clerk/RFO ensures that budgets are prepared in time to make a recommendation to Full Council, so the Precept can be submitted on time.
- Sufficient funds are held in the General Reserves to ensure that payment of all necessary expenditure can be met. This equates to three months of expenditure.
- Earmarked reserves: The level of earmarked reserves is assessed annually.
- Recovery of VAT is reclaimed quarterly.
- The Finance officer prepares a monthly list of outstanding accounts and follows up where necessary. Invoices outstanding longer than 3 months are reported to Council for further action in accordance with Financial Regulations.

2.3 Expenditure

- All payments are presented to Full Council for approval usually on a monthly basis.
- In accordance with the Council's Standing Orders, all cheques require two signatures. Any two councilors will sign off the invoice/documentation before payment is made. The Finance officer will set up BACS payments and the Town Clerk/RFO will 2nd authorise. In the event of an absence, a mandated signatory will make these payments.

- Supply of goods and services are regulated by the Council's Standing Orders and Financial Regulations under the control of the Town Clerk/Finance Officer.
- Where necessary, goods supplied against fixed offer price/estimate will be approved by the Council and supported by the relevant minute.
- Office stationery, Churchyard, Cemetery, Allotments, Welfare Unit, Vehicle Compound, Pavilion, and Market Place consumables will be authorised by the Town Clerk/Finance Officer.
- Goods will be received and checked by the staff officers and the invoice passed for payment to the Finance Officer.
- Internal Audit provided by Heelis and Lodge, who check a sample of payments to ensure compliance with Standing Orders and Financial Regulations and that all payments are supported by vouchers, expenditure approved by Council as appropriate and VAT properly accounted for.
- The Council has an External Auditor and annual publication of accounts and financial records are made for public inspection prior to audit in accordance with legislation.

2.4 **Employment and control of staff and payroll:**

- Salaries are paid monthly on-line by payroll software, these are set up by the Finance Officer ensuring the correct salary is paid and the correct pension, tax and national insurance deductions are made. BACS payments are then set up by the Finance Officer and authorised by the Town Clerk checking that the payment agrees to the payslip.
- Variations to salaries, including any increases or bonus payments actioned, following approval by the Full Council
- Access to the payroll system is password-protected to ensure security of data.
- The Town Clerk, along with one or more councilors has permission to appoint members of staff and will report back to the Full Council. The Council approves the appointment, pay and terms and conditions of service of all employees. The Full Council approves all annual pay adjustments and changes to the national terms and conditions of service, including the wording of standard Contracts of Employment for all employees. (These are supplied by Croner)
- The Town Clerk has overall responsibility for the direction and activities of all staff employed by the Council
- Right Time Information is submitted to the HMRC through the payroll system.

2.5 **Council Bank Accounts:**

The Council maintains five bank accounts:

Main Current account – Unity Trust
 Wages account - Unity Trust
 Business savings account – Unity Trust
 CCLA savings account
 Redwood savings account

- The retained balance for the current account is £10,000 and is constantly checked by the Finance Officer to make sure that this is retained by transferring funds from the Business savings account. Similarly, the wages account balance is £500 and transfers from business savings account.
- The Finance Officer and Town Clerk are authorised to do these transactions.
- All banking arrangements and alterations to banking services approved by Full Council and recorded in the minutes.

2.6 Bank reconciliations:

- Bank reconciliations are carried out monthly by the Finance Officer and make sure that they agree to the monthly bank statements. These are then signed off by the Town Clerk/RFO. They are presented to Full Council each month and Finance Committee when requested. Sample checks are made by the Internal Scrutineer and Internal Auditor.

2.7 Scrutineer:

- A nominated Councillor will be appointed as a Scrutineer (not an authorised signatory) auditing the accounts and checking bank reconciliations on a quarterly basis.
- A sample of payments and income, including markets and burials are be picked quarterly to make sure they have been dealt with correctly, have an audit trail and signed accordingly.

2.8 Reporting to Members:

- A list of payments and receipts for the current month is reported at the monthly Council meeting.
- A list of expenditure to date for the current month is reported at the monthly Council meeting.

2.9 Other Risks:

- The Council Offices are protected by a fire alarm, secured by an intruder alarm and CCTV. All office staff have keys to get into the building and office.
- Important documentation is stored in a locked vestibule.
- Office staff are trained in matters concerning Freedom of Information and Data Protection.
- All computers are individually password protected
- Data files are stored on a cloud-based server, protected with individual passwords
- In the Town Clerk's absence, due to sickness or annual leave of more than one week, the Assistant Town Clerk assumes the role of Town Clerk and the Finance Officer assumes the role of Responsible Finance Officer. To enable work to be completed, extra hours will be available to the office staff. These will be monitored by the Mayor and Deputy Mayor on a weekly basis and reported to the monthly Town Council Meeting. If needed a trained locum will be sourced.
- In the Town Clerk's long-term absence, the Finance Officer assumes the position of RFO in accordance with S16 of the Standing Orders or a trained locum will be sourced.
- The regular input of financial information will be undertaken by employing a temporary office assistant if required.
- The Town Clerk has overall financial control. The Town Clerk will hold the official role of RFO and has financial responsibility including budget preparation and annual accounts. The Finance Officer helps her with these tasks. This is subject to review if circumstances change.
- If deemed appropriate due to extensive absence, then additional hours will be commissioned through engaging in a trained locum for the Town Clerk and Responsible Finance Officer positions.
- During prolonged absences the Town Council will ensure hours worked fall within the remit of the Working Times Directive or any other legislation that pertains.
- In the event of other staff members' absence responsibilities will be distributed amongst remaining staff, coordinated by the Town Clerk as appropriate
- There is no provision within the Council's budget for long-term sickness cover for any member of staff. In the event of a long-term absence the Council may consider the use of the Reserves.
- The Town Clerk is the appointed Health & Safety Officer.

2.10 **Financial risk management through insurance:**

- Staff Fraud - Potential losses arising as a result of dishonesty by staff (fraud) are managed through the Fidelity Guarantee as part of the Council's insurance policy. The limit is equivalent to 50% of the reserves plus 50% of the annual budget.

2.11 **Assets:**

- These are managed through the Council's insurance and are reviewed annually.