



# Perranzabuloe Parish Council

## Financial Risk Management Policy

### Table of Contents

1. Cash Handling	2
2. Receipts	2
3. Payments	2
4. Transfer of monies between Parish Council accounts	3
5. Bank Reconciliations	3
6. Reporting to members	3
7. Income	4
8. Expenditure	4

A copy of this document is also available in different formats such as large print, Braille, audio or in a different language. Please contact the office if this is required.

Financial risks can be managed by effective internal controls, Standing Orders and Financial Regulations and by Insurance.

## **Internal Financial Controls**

### **1. Cash Handling**

- No Petty Cash is held by the Parish Council

### **2. Receipts**

- Cheque receipts are banked at least weekly and more frequently if a substantial cheque is received.
- Receipts are often paid directly by BACS to the Parish Council's bank accounts and are checked off from the bank statements.

### **3. Payments**

- All cheques from the main Parish Council accounts require 2 signatures from two members, one of whom must be a member of the Finance & Operations Committee where possible.
- All payments are authorised by the Clerk after the invoice or other documentation has been verified against order/quotations or minutes as appropriate.
- Members signing the cheque or authorising the online payments will have sight of the invoice/documentation and should initial the cheque counterfoils and invoices or authorise the payment via online access. When Direct Debits are used 2 members' signatures are required on the direct debit paperwork, one of whom must be a member of the Finance & Operations Committee where possible. Payments by Direct debit will show in the list of payments presented to council at each monthly meeting (see item 6).
- All Direct Debit payments are to be reviewed by the Finance & Operations Committee on an annual basis.
- Where possible, payments over £1000 require the prior approval of the full Council, except if the expenditure has previously been approved by a Committee, the invoice is as expected (in line with the original estimate) and the expenditure is within that Committee's budget.
- All payments should be issued promptly after approval by the Council.
- Online banking can be used to transfer between accounts or to pay invoices in accordance with the 3 signature policy for Direct Debit or cheque payments.

**Unusual payments over £1000 still require the approval of Council at its monthly meeting.**

#### **4. Transfer of monies between Parish Council accounts**

The Parish Council maintains five bank accounts;

1. Current account and a Savings account e account for everyday Parish Council transactions, both with Unity Bank
2. A business 95 Day notice account with Nationwide (which pays higher interest).
3. A low risk investment with CCLA that can be accessed daily if needed.
4. The Parish Council can also invest in Bonds and higher rate savings accounts to obtain the best return with low risk (such as NatWest Bonds, National Savings account and Santander).

The Parish Council will ensure that adequate training is given to officers of the council including the library who deal with cash and movement of money.

- Funds from the Business Direct Reserve account can only be transferred to the current account
- A written reconciliation of such transfers is maintained
- Both the CCLA Deposit account and the Nationwide Deposit account have a nominated account to transfer to which will be the main Unity Current Account. As this is the case only one member or the RFO will be required to sign the transfer.

#### **5. Bank Reconciliations**

The RFO monitors these on a monthly basis to verify that the monthly computer generated reconciliations are the same as the monthly bank statements received. Nominated Councillors (non-cheque signatories) also check these reconciliations on a regular basis against original bank statements, and sign to confirm that these have been checked.

The RFO makes the following monthly management checks:

- Payroll Control account: Should be zero balance
- Sales Ledger: to ensure the control account balances
- VAT: to check the control account balances

#### **6. Reporting to members**

- A list of all payments and receipts is made available to all members at every full Parish Council meeting.
- At every full Parish Council meeting members receive a copy of the management reports which show expenditure against budget under each specific committee heading.
- A copy of the report for the specific committee is also available at committee meetings for members to consider when deciding expenditure.

## **7. Income**

The risk of non-receipt of anticipated income is managed in the following manner:

- The RFO ensures that committees prepare their budgets in time for the Finance & Operations Committee to make a recommendation to Full Council so that the Parish Council can submit the precept in time.
- Sufficient funds are held in the General Reserves to ensure that payment of all necessary expenditure can be met for 3 months. This includes rent, rates, utilities and salaries.
- The precept payment is usually received by BACS on or before 30 April and 30 September each year, and the RFO ensures the payment is received as expected.
- Rental income: An electronic diary system is maintained to ensure invoicing and receipt of the rents due from long term rental agreements for the use of the Council's properties.
- Recovery of VAT: This is claimed quarterly, against a reconciliation produced by the computerised accounts records, or more frequently if a substantial amount of VAT has been paid. This is checked to ensure it balances as part of the monthly management of accounts by the RFO.

## **8. Expenditure**

The largest expenditure item is the payment of salaries.

- This is administered by an external provider
- Data is checked by the RFO before submission and a further check is carried out before the payments are finalised

### **Purchases**

Risks include non-supply of goods, incorrect charge on invoice and incorrect payment. Risks are covered by checking invoices which are signed off by the officer who ordered the goods and the system of verification of cheque payments.

### **Other Risks**

- **Adequate reserves:** This is assessed annually as part of the budget setting process.
- **Loss/damage to assets:** Assets are regularly inspected (see also separate risk assessment policy on assets and safe working practices for staff). Loss or damage is also included in the Parish Council's Insurance Policy.
- **Fraud by staff:** A member of the Council who is not a cheque signatory verifies totals on original bank statements to Cash Book statements produced by the accounts programme. Fraud is covered by insurance.

- **Office security:** The Parish Council office at Ponsmere Valley is protected by an intruder alarm. The library is protected by fire and intruder alarms.
- **Security of documents:** Original title deeds are lodged with the Parish Council's Solicitors and archived lease information is stored at the Cornwall record archives at Kresen Kernow.

Office staff are also trained on matters concerning FOI and Data Protection, and meeting notes are not held once minutes have been approved.

### **Protection of computer information**

- a) Access to computers is by password only.
- b) Information is remotely backed up on a daily basis and a copy kept off-site overnight.

\*\*\*\*\*

### **Financial Risk Management by Insurance**

Fraud by staff: Potential losses from dishonesty by staff (fraud), are covered by the Fidelity Guarantee which forms part of the Parish Council's Insurance Policy. The guarantee is set at a limit of the equivalent of 50% of the reserves plus 50% of the annual budget (which should be the maximum amount of money held in the Parish Council's bank accounts at any one time. This figure is reviewed annually).

Loss of/damage to assets: Loss of/damage to assets is covered by insurance. The value is reviewed annually.

This Financial Risk Management Policy shall be reviewed every year.