

Maker with Rame Parish Council



Financial Risk Management Policy

Financial risks can be managed by effective internal controls, Standing Orders and Financial Regulations and by Insurance. The Clerk is the Responsible Financial Officer (RFO) for Maker with Rame Parish Council.

Internal Financial Controls

1. Cash Handling

No Petty Cash is held by the Parish Council (PC).

2. Receipts

2.1 Cheque receipts are banked weekly and more frequently if a substantial cheque is received.

2.2 Receipts are often paid directly by BACS to the Parish Council's bank accounts and are checked off from the bank statements.

3. Payments

3.1 Where possible, with the exception of the payments covered by the delegated responsibility given to the RFO , all payments are formally approved by the PC at the PC meeting. All payments are minuted. Each invoice is reviewed and signed by Chair and one councillor.

3.2 All cheques from the Parish Council accounts require 2 signatures from two members. Note: all members of the Finance Committee will be authorised bank signatories.

3.3 All payments are prepared for payment by the RFO after the invoice or other documentation has been verified against order/quotations.

3.4 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 Committee. Payments by Direct debit will show in the list of payments presented to council at each monthly meeting (see item 6).

3.5 All Direct Debit payments are to be reviewed by the Finance Committee on an annual basis and approved by the PC at a full Parish council meeting.

3.6 Payment can be authorised under the delegated powers (£500) of the RFO if the requirement is urgent and/or safety related.

3.7 All payments should be issued promptly after approval by the Council.

3.8 Online banking can be used to transfer between accounts or to pay invoices in accordance with the 2 signature policy for Direct Debit or cheque payments.

4. Transfer of monies between Parish Council accounts

4.1 The Parish Council maintains 2 bank accounts with the PC bank of choice: one current account and one linked savings account.

4.2 The Parish Council will ensure that adequate training is given to staff of the council who deal with cash and/or movement of money.

4.3 Funds from the either account can only be transferred between accounts by the signatories on the accounts, when approved and minuted by the Parish Council.

4.4 A written reconciliation of such transfers is maintained.

5. Bank Reconciliations

The RFO prepares these on a monthly basis to verify that the monthly reconciliations are the same as the monthly bank statements received. A nominated Councillor (non-cheque signatory) will check these reconciliations against original bank statements, and sign to confirm that these have been checked on a regular basis.

6. Reporting to members

6.1 Prior to each ordinary Parish Council meeting a list of all YTD payments and receipts is made available to all members.

6.2 Prior to each ordinary Parish Council meeting members receive a copy of the Summary Management report which show expenditure against budget under each specific budget heading.

7. Income

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

7.1 The RFO ensures that committees prepare their budgets in time for the Finance Committee to make a recommendation to Full Council so that the P C can submit the precept in time.

7.2 Sufficient funds are held in the General Reserves (40% of annual precept) to ensure that payment of all necessary expenditure can be met. This includes insurance rates, utilities, salaries and annual contracts. Monthly bank reconciliation report shows bank account balances.

7.3 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.

7.4 Recovery of VAT: This is claimed at least annually. The RFO will report the amount unclaimed to the Finance Committee at each meeting.

7.5 Unpaid boat rent. RFO to produce a list of outstanding debtors at each PC meeting.

8. Expenditure

The largest expenditure item is the payment of salaries.

8.1 Salaries to be paid on receipt of invoice showing hours worked.

8.2 Salary payment administered by the RFO.

8.3 Data is checked by the RFO before submission and a further check is carried out before the payments are finalised. RFO provides HMRC paperwork for PC to review.

8.4 The PC to approve these payments.

9. Risks

9.1 **Adequate reserves:** This is assessed annually as part of the budget setting process.

9.2 **Loss/damage to assets:** Assets are regularly inspected by the relevant committee chair. Loss or damage is also included in the Parish Council's Insurance Policy.

9.3 **Fraud by staff:** A member of the Council who is not a cheque signatory verifies totals on original bank statements to bank reconciliation statements produced by the RFO. Fraud is covered by insurance.

9.4 **Other 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 RFO and the system of verification of cheque payments and review by PC.

9.5 Protection of computer information

- a. Access to computers is by password only.
- b. Information backed up on the Cloud and Pen drive.
- c. Clerk/ Vice chair to hold passwords.

This Financial Risk Management Policy shall be reviewed every year.

Signed.....

Date.....