



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 Petty Cash Handling:

- The amount of Petty Cash held is limited to a maximum of £250 at any one time.
- Any such cash is held in a secured place.
- A receipt is obtained for all petty cash payments made.
- Petty cash is balanced on a monthly basis.

2.2 Cash and cheque receipts:

- All cash and cheques received are entered into a receipt book.
- Cash and cheques receipts are banked regularly
- All receipts are balanced monthly with a bank reconciliation.

2.3 Income:

- Income is monitored regularly and reported if any payments due are in arrears.
- Market pitches are invoiced on a regular basis.
- The RFO and the Clerk 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 for at least six months.
- Earmarked reserves: The level of earmarked reserves is assessed annually.
- Recovery of VAT is reclaimed quarterly.

2.4 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. Cheques & BACS signatories will have sight of the invoice/documentation, and should be set up by the RFO and authorised by the Clerk or in the event of an absence, a mandated signatory (Chair and Vice Chair of the finance committee)

2.5 Salary Payments:

- 2.6 These are paid by BACS, approved at the annual council meeting, and set up and authorised by the Clerk and RFO.

Salaries are paid by payroll software, these are checked by the RFO to ensure the correct salary is paid and the correct pension, tax and national insurance deductions are made.

- Variations to salaries, including any increases or bonus payments actioned, following approval at the Personnel Committee AND ratification by the full Council
- Access to the payroll system is password-protected to ensure security of data.

2.7 Right Time Information is submitted to the HMRC through the payroll system.

2.8 **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 £50,000 by automatic transfer to and from the business reserve account. Similarly, the wages account balance is £500 with automatic transfers to and from business reserve account.

2.9 **Bank reconciliations:**

2.10 Bank reconciliations are carried out monthly. The Responsible Finance Officer monitors these to ensure that they agree with the monthly bank statements.

2.11 **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.

2.12 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.

2.13 **Reporting to Members:**

- A list of payments and receipts for the previous month is reported at the monthly Council meeting.

2.14 A list of expenditure to date for the current month is reported at the monthly Council meeting.

2.15 **Other Risks:**

- The Council Offices are protected by a fire alarm, secured by an intruder alarm and CCTV.
- Important documentations are stored in a locked vestibule.
- Office staff are trained on 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

2.16 **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 of 50% of the reserves plus 50% of the annual budget.

2.17 Assets: This is managed through the Council's insurance and is reviewed annually.