

## **1 Review of Accounts**

### **1.1 Lloyds Treasurer Account £17033.90 31<sup>st</sup> July 2020)**

This is the Council day to day banking account. 2 signatures/approvals are required for any cheque of internet payment.

#### 1.1.1 Current Signatories

Cllr French Baker Robbins and Jones for cheques

Cllrs French Baker and Robbins for internet payments

#### 1.1.2 Payments

Payments can be made by cheque of internet/BACS

Councillors named above have full access rights and are able to set up view and approve payments.

Clerk has administration access and can set up payments and view accounts but cannot approve any payments.

### **1.2 Lloyds 32 day access Account (£62150.76 31<sup>st</sup> July 2020)**

This is the Council's long standing savings account and is run by Lloyds Commercial Banking. All access to this account is by telephone to the Trade support team.

#### 1.2.1 Current interest rate 0.1 % Paid daily.

#### 1.2.2 Movement of Funds

Funds can be moved to this account at any time, Financial Regs allow the Clerk to move up to £10,000 without prior approval.

If funds are withdrawn, they are moved immediately to a holding account and then transferred to the Council's Lloyds Treasurers Account after the 32 days has elapsed. Funds cannot be paid to any other account.

#### 1.2.3 Current Signatories

At present only the Clerk accesses this account, but the account summary is shown on the Council's Lloyds internet banking page as a linked account.

Statements are emailed to the Clerks Email address every month.

### **1.3 Unity Trust Bank Savings Account (£50087.33 31<sup>st</sup> July 2020)**

This is one of the Council's new Savings accounts set up last year as part of the Council's Investment Strategy. This is an instant access account.

#### 1.3.1 Current Interest rate 0.0% (changed 21<sup>st</sup> May 2020) Paid quarterly.

#### 1.3.2 Current Signatories and Internet Access

Cllr French, Clerk

#### 1.3.3 Movement of Funds

Payments can be made at any time by bank transfer

Payment out are by written request and are charged at £28.00 per withdrawal because the Council does not have a Unity Trust current account (The current account has a £6 per monthly charge).

Statements are downloaded from the internet.

Clerk has requested that payments can only be made to the Council's Lloyds Treasurers Account.

#### **1.4 Nationwide 125day Access Account (£58310.09 at 31<sup>st</sup> July 2020)**

This is one of the Council's new Savings accounts set up last year as part of the Council's Investment Strategy.

This is a 125-day access account. Minimum amount £5,000

1.4.1 Current Interest Rate 0.50% Paid monthly.

1.4.2 Current signatories

Cllr French, Clerk

Payments can only be made to the Council's Lloyds Treasurers Account.

1.4.3 Movement of Funds

Funds can be paid in by bank transfer

To withdraw funds a form has be downloaded and filled in signed and sent back (email or post).

Nationwide are intending to move this account to be accessible by internet banking but no details have been made available.

Statements are usually sent once a year, but the Clerk has requested a monthly statement so that the interest can be reported to Council.

## **2 Requirements of the Council's Financial Regulations**

For ease the extracts from the Council's approved Financial Regulations are given in red.

### **2 ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

#### **2.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.**

On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Finance Committee.

#### **2.1 Recommendation**

The Council must appoint a Councillor to carry out the checks identified in 2.1 above. At present as this would require access to paper accounts a Covid equivalent would be required which will mean that the Councillor would have to have access to all the online accounts and the clerk would supply electronic copies of the Nationwide statements.

## **5 BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- 5.1** The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency. [The council shall seek appropriate references in respect of members or employees who act as signatories.]

### **2.2 Review of Councils current actions**

The Council must approve any bank mandate changes that the Finance Committee suggest. The Finance Committee is asked to review the current mandates for safety and efficiency and make recommendations particularly regarding the number of Councillors with access to accounts.

- 5.5** The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council or finance commitments

b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council or

c) Fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.

- 5.6** For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council [,or a duly authorised committee,] may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council [or Finance Committee].

A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.

### **2.3 Review of Council's Current actions**

The Council in approving the Financial Regulations approved the level of £10,000 for transfers between accounts that is available to the Clerk.

Payments made under contract or for salary are made outside the Council's meeting schedule and reported as payments made to the next available meeting to meet the Council's contractual obligations.

Payments made in this way are:

- Clerks Salary payments to S Glen
- Payments to HMRC in respect of NI
- Payments made for Payroll Service to Simon Day on Co.
- Payments made to Idverde for bin emptying contract.

This list should be reported to and approved by Council and a system of recording the payments to be signed by the approving Councillors set up. At present with the Covid restrictions Councillors approving payments confirm their approval through email.

## **6 INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1** The council will make safe and efficient arrangements for the making of its payments.
- 6.2** Following authorisation under Financial Regulation 5 above, the council, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3** All payments shall be affected by cheque or other instructions to the Parish Council's bankers, or otherwise, in accordance with a resolution of Parish Council.
- 6.4** Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by two members of council in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.5** To indicate agreement of the details shown on the cheque or order for payment with the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6** Cheques or orders for payment shall not normally be presented for signature other than at a council meeting. Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.
- 6.7** If thought appropriate by the Parish Council, payment for certain items (principally salaries) may be made by banker's standing order/ direct debit provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to Parish Council as made. The approval of the use of a banker's standing order/ direct debit shall be renewed by resolution of the Parish Council at least every two years.

If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.

**6.8** If thought appropriate by the Parish Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.

**6.9** Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Parish Council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Parish Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other Parish Councillors. After the envelope has been opened, in any circumstances, the PIN and/or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the Parish Council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

**6.10** No employee or Parish Councillor shall disclose any PIN or password, relevant to the working of the Parish Council or its bank accounts, to any person not authorised in writing by the Parish Council or a duly delegated committee.

**6.11** Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question.

**6.12** The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.

**6.13** Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator. The bank mandate approved by the Parish Council shall identify a number of Parish Councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals

**6.14** Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Parish Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.

**6.15** Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk. A programme of regular checks of standing data with suppliers will be followed.

#### **2.4 Review of Council's current actions.**

The Council has only one direct Debit which is to the Information Commissioners Office to pay the yearly subscription for registration as a data controller.

The Council does not allow the Clerk to approve any payments all payments require 2 Councillors authorisation. No limit is currently set for the level of payment that can be made with 2 Councillor authorisations, but all payments unless under contract are approved by Council prior to payments being made.

The Clerk needs to supply the password to the Parish Council records on her computer. Records are backed up to remote hard drive monthly.

Councillors with access to internet banking should confirm that they have appropriate anti-virus/spyware and firewall software on the computer used to access the Council's bank accounts and be reminded that passwords should not be saved on a computer.

The Clerk verifies any change to account details from suppliers direct by phone with the supplier before amending the details.

### **3 Suggested amendments and improvements to safety and efficiency**

During the Covid-19 lockdown the vulnerability of the Council payments system was highlighted.

The move to internet banking by the Council in July 2019 meant that it was able to operate efficiently during lockdown and make all outstanding payments and on-going commitments.

While not imposing any risk to the Council in terms of loss of money or fraud the current system is reliant on a limited number of Councillors, particularly access to the Council's savings accounts.

However, the absence of one Councillor from the country did mean that the Council had only 2 Councillors available to authorise payments. It is suggested that the Council adds at least one additional signatory to all accounts.

Councillors Rees, Cook and Malpas have offered to take on such a role.

#### **3.1 Recommendations:**

- 1 That the Finance Committee recommend to Parish Council that a Councillor be nominated to take on the role of carrying out the regular quarterly checks of the bank reconciliations.
- 2 That the Finance Committee consider the number and names of Councillors to recommend to Parish Council for addition to each of the Council's bank accounts.

- 3 That the list of approved contact payments above be submitted to Council for approval and the Clerk to set up a system for the recording of such payments and that these should continue to be reported to the Council as paid at the next available meeting.
- 4 That the Council reapprove the payment by direct debit to the ICO for the Council's registration as a data controller.