

A Policy for Tredegar Town Council

The control of the Council's finances is traditionally regarded as a potentially high-risk area and both Financial Regulations and this Policy are designed to identify and reduce this risk to an acceptable level where possible, but it will never be possible to nullify all the risks.

The Council has in place a R.F.O. (Responsible Financial Officer) separate to the Clerk. This division of duties assists with maintaining good practice as proposed in Governance & Accountability for Local Councils in Wales (G.&A.) – A Practitioners' Guide (2019). The role and responsibility of Members in this respect is described as follows:-

“The appointment of an R.F.O. does not mean that Members then have no responsibility for the financial health of the Council. Members continue to be accountable for ensuring that the Council does not live beyond its means. The R.F.O. however, designs and implements the accounting arrangements that will assure Members that finances are being properly managed.”

With this in mind, there are several areas which need to be addressed by the Council and agreed procedures need to be followed not just by the R.F.O. but also by the Clerk and Members to ensure that risk to the Council's finances is minimal.

Processes available to mitigate risks include segregation of duties, monthly and annual reconciliations, witnesses to transactions, approval systems in place (signing of documents, minutes), matching documentation, internal security systems and the secure keeping of equipment and financial records/documentation. These are regularly reviewed by the office with any potential issues identified and addressed as an ongoing process.

1. Bank Account Monitoring and Control:-

The current Bank mandate in place states that the named signatories for Council are the Mayor, Deputy Mayor, Leader, Deputy Leader, Chair of Finance and Staffing, Clerk and R.F.O. with a minimum of 2 of these signatures required on banking transactions such as cheques or dual authorisation for online payments.

Control of the Council's bank accounts are and will always be a potentially high-risk area and to a degree the Council will be reliant on the good integrity and honesty of the Officers it employs. There is a requirement for internal check and other control procedures to be implemented (as detailed below), to mitigate the level of risk as much as possible but the movement by Banks away from branch-led to online services increases the risks in this area. There are several steps required to access the online services and now both the R.F.O. and Clerk besides two other mandate signatories are able to undertake this access. This level of access increases the risk of potential fraud or loss through collusion by staff or staff and Members; money could easily be “moved” between accounts for a period of time before Council would become aware of what was happening. Due to the addition of two mandate signatories, to enable dual authorisation of online payments, the procedure for online control included in this policy has been fully revised.

A procedures for control and monitoring are as follows-

- **Bank Mandate**

- New Bank mandate approved at A.G.M. of Council with R.F.O actioning at Bank.
- Council approve signatories as 5 Members of Council – Leader, Deputy Leader, Mayor, Deputy Mayor & Chair of Finance and Staffing. (Annual amendments in line with Member role changes)
- Council approve the 2 Officers – Clerk & R.F.O. – as signatories on the mandate for day to day control of the accounts and contingency cheque signatories (as/when required with prior approval of the other four signatories) permitting direct communication between the Bank and Officers to resolve any banking issues/queries.

- Cessation of staff employment and/or Councillor – Changes to the bank mandate are to be actioned immediately and, those who are registered for online access, are to return any item they have retained to be able to participate in that process.

- **Control of online service** *This section has been completely rewritten*

- Online access to the town council bank accounts is now available to the Clerk, R.F.O., Leader and another mandate signatory – this gives them full access.
- Items required for online access are a bank card in the individual's name (not a debit or credit card), pin sentry machine, pin number and a membership number.
- Items required for online access will remain securely stored at Bedwellty House with the exception of either the Bank Card or PIN number allotted to each person. Each person can individually choose to retain one of them but not both. This is to prevent access outside of Council's office hours and office.
- All the other items – labelled for the relevant individual - are to be stored in a locked box in the safe, accessible only by the Clerk and the R.F.O. with only the Clerk and R.F.O. knowing the access codes for both. Members will note that this division of items is to limit online access by an individual officer/Member but clearly it does not fully secure the process as the officers (Clerk & R.F.O.) will have all the items readily available to them and can therefore gain online access without anyone else being present. This will represent an on-going risk to both the Council and officers. **Mitigating The Risk:** The safe is located in the downstairs Registrar's office, covered by an internal recording CCTV camera above that room's door which can be used to identify Council employees gaining access to the safe during/outside of working hours
- No employee or Member shall disclose any PIN or password relevant to Council's banking unless an official written request – minuted at a meeting of Council – has been made to the them.
- No employee or Member shall access Council's accounts online outside of office working hours, at home (must be at Bedwellty House) nor without witnesses present and registering the access in the "Online Access Register" confirming the date/time reason for that access.
- No employee or Member shall try to use another person's equipment to gain online access. Each person must use their allotted items to ensure their names are recorded by the bank when completing actions such as inputting/approving online payments.
- If any person loses their Bank Card/PIN this must be reported to the R.F.O. immediately and the bank contacted. The R.F.O. will confirm whether they need to contact the bank direct or if this action can be completed by the R.F.O.
- Officers and Members shall ensure that any computer used for Council's financial business has adequate security, with anti-virus/anti-spyware/firewall software installed and regularly updated.
- Officers and Members shall not use any remembered password facilities on any computers used for Council's online banking.
- When online access is being undertaken, the user should always check that the last date and time the online service was used matches with the details recorded on finance documents/the Online Access Register. If it does not match, the R.F.O. needs to investigate, raise the concern with the Chair of Finance & Staffing Committee and report the investigation result to Council at the next appropriate meeting.
- Online Access Register – Entry to be created by the R.F.O. and for every online access, the R.F.O. must record the date/time/location/reason/witnesses' name with the witnesses then signing to confirm their presence at that time.
- Where possible, limit online access to only three times a month to transfer funds between town council bank accounts, set up and complete online payments and print statements.
- R.F.O. and/or Member access is to be done in the presence of two witnesses - approved mandate signatories.
- Witnesses' Duties: Check, on screen, that the date and time of the last online access matches the last witnessed transaction; verify transaction details with the appropriate transaction

document; witness the authorised transactions being completed; witness the R.F.O./Member signing out of online services; and sign the Online Register Access plus finance documentation.

- If access was to complete a transfer/payments, download and print out the transaction receipt - if this does not show the date/time of access then a manual record of these details should be written on it. These should be filed in the relevant financial year's lever arch file
- **Emergency Variation:** *To resolve payment queries/complete bank functions such as mandate change requests* - completed by R.F.O. in the presence of one witness (one of the approved mandate signatories) with the witness signing the dated documentation and Online Access Register to confirm the form of activity taken place. The documentation will be filed in the bank transaction section of the accounts.

- **Cheques**

- Cheques are to be signed by **2** Councillors named as signatories - (as per G. & A. 2019 Chapter 13 No. 13.10). An Officer may be the second signatory, with prior approval - preferably by email, from Leader and Mayor required - if the cheque is of an urgent nature and no second Councillor signatory is available.
- *Exceptions when the two Officers of Council can be the sole two signatories:* When a replacement cheque needs to be issued or an urgent payment is required, prior approval by two out of the other four Senior signatories (Leader, Deputy Leader, Mayor and Deputy Mayor), preferably by email, is required and payment is brought to the attention of Council at the next available meeting for ratification, with an urgent payment reason specified.
- Those signing the cheques must also initial the cheque counterfoil to confirm it was them signing.
- No approved mandate signatory – including the Clerk and R.F.O. – should be involved in approving any payment to themselves i.e. not sign a cheque payable to them.
- Cheques are to be issued following approval at the Ordinary Meeting.

- **Online payments – Dual Authorisation**

- **Access to online banking is to be followed as per Control of Online Services.**
- The R.F.O. will create a list of payments, as part of the monthly Schedule of Payments, to be approved by Council. This must contain the payee name/amount/bank details and must be readily available for both them and the Dual Authoriser prior to login on to Council's online banking service.
- The R.F.O. must verify the payee's bank details have not changed and raise any queries direct with the payee prior to submission for payment approval.
- The R.F.O., as Service Administrator, cannot set up online payments until they have been approved by Council.
- The R.F.O. will set up all the online payments contained in the monthly online payment list and initial each one on the list to confirm it has been completed.
- In prolonged absence of the R.F.O. the Clerk shall setup any items due for payment online and follow all the steps as if they were the R.F.O..
- Approval of online payments is to be completed by one of the mandate signatories stated in Control of Online Services. *This cannot be the RFO as they created the payments nor the Clerk who should take on the role of witness for the approval process.*
- No approved mandate signatory – including the Clerk and R.F.O. – should be involved in approving any payment to themselves i.e. not complete the online payment dual authority process.
- The Dual Authoriser must check the details of each payment onscreen matches the payment list provided by the R.F.O.
- If the Dual Authoriser finds a discrepancy in a payment, they must not approve the payment and report it to the R.F.O. for checking.

- If the Dual Authoriser believes an intentional/misleading payment has been created by the R.F.O. they are not to approve the payment and report this to the Leader and Chair of Staffing & Finance Committee who are to further investigate.
- The Dual Authoriser must not amend any payments prior to approving them. Amendments will stop their approval and will remain unpaid.
- The Dual Authoriser must print out an approved payment receipt for each payment and give these to the R.F.O. for checking and filing with the appropriate invoice.
- The R.F.O. will need to check that all payments have been completed and investigate any that has been left unpaid taking any necessary steps to resolve them.
- On the monthly online payments list, the Dual Authoriser is to initial each payment to confirm they have approved it and once all have been completed, all present are to sign the form.
- The signed monthly online payment list is to be filed in the relevant financial year lever arch file.
- **Emergency variation:** If one of the two approved mandate signatories is not available to complete the dual authorisation role, then written (email) approval should be sought from the Senior Four Members of Council for the Clerk to complete the approval process with someone else becoming a witness. This must be reported back to Council at the next appropriate meeting.

- **Debit card transactions**

- Bank as issued one debit card only, allocated in the R.F.O.'s name. Therefore, only the R.F.O. shall make authorised transactions using the card and the R.F.O. must not let others use it.
- The R.F.O. shall retain the PIN number and not disclose it unless an official written request – minuted at a meeting of Council – has been made to the R.F.O.
- The R.F.O. shall regularly change the PIN to limit the chance of it being identified and if at any time the PIN becomes known to others, the R.F.O. is to change it immediately.
- The debit card is to be stored in the secure box, locked in the safe and only removed as/when needed.
- The R.F.O. is to record, in the Debit Card book, when and why the debit card is being removed from the secure box with the Clerk signing as witness to this. On return, the R.F.O. will sign and date, along with the Clerk, next to the removal record to confirm the card's return. The removal and return of the card must be done in the presence of a witness.
- The R.F.O. must not retain the card for any longer than 24 hours at any one time unless, with prior approval of Council, in circumstances where access to the office/Bedwellty House will be restricted such as in the pandemic period.
- On cessation of the R.F.O.'s employment, if possible, the R.F.O. is to cancel the card immediately prior to leaving. Otherwise, the Clerk/new R.F.O. should immediately contact the bank to prevent fraudulent use of the card.
- For any prolonged absence of the R.F.O., Council is to approve who a new debit card (suggestion – the Clerk) is to be allocated to and the Clerk is to contact the bank to request cancellation of the R.F.O.'s card and request the new debit card. Clerk is to follow the guidance in this policy.
- If the card is lost/misplaced, the R.F.O. is to contact the bank immediately to cancel, requesting a replacement, and is also to inform the Senior four members. Council is to be updated at the next appropriate meeting.
- For online use, the R.F.O. shall ensure that any computer used has adequate security, with anti-virus/anti-spyware/firewall software installed and regularly updated.
- For online use, the R.F.O. shall check the website security prior to making a purchase.
- If the R.F.O. identifies fraudulent use, they are to contact the bank immediately to request a stop on the card and to investigate the payment. Council are to also be informed and updated of the investigation outcome.
- If the Clerk has concerns regarding inappropriate use of the card by the R.F.O., they are to immediately raise it with the Leader for investigation and remove the R.F.O.'s access to the card.

- If a Member has concerns regarding inappropriate use of the card by the R.F.O., they are to immediately raise it with the Clerk and the Leader for investigation who should remove the R.F.O.'s access to the card pending the result of the investigation.
- The card should be used for purchases where a cheque or online transfer cannot be used to pay for that purchase.
- The card should be used for cashpoint withdrawals for the reimbursement of petty cash.
- Receipts for all purchases and withdrawals are to be obtained and filed with the relevant invoice.
- All purchases and withdrawals are to be recorded in the payments ledger with the receipt filed in appropriate financial year lever arch file, with reconciliation to the bank statement completed monthly.
- Purchases should form part of the monthly schedule of payments submitted to Council for approval prior to purchase with the exception of the operational items, listed below, which are to be reported for ratification. Purchasing of the items below is to be capped to a maximum of £50 per transaction.
 - *Mobile phone top-up, flowers/gifts, water for band concerts, lottery licence renewals, small items required for remedial repairs, office items.*
- If emergency use is required, written (email) approval from two of the Senior Four Members is required with the purchase being reported to Council at the next appropriate meeting for ratification, with an explanation as to why the use was urgent.

- **Transfer of Funds – Council accounts**

- Only online transfers between town council bank accounts are available, both within the same bank.
- Monthly transfer by the R.F.O. following Council's approval of the payments.
- Access to online banking is to be followed as per Control of Online Services.
- In line with the Control of Online Services, transfers are to be at Bedwellty House, done in the presence of/witnessed by one of the mandate signatories plus the Clerk or two of the mandate signatories.
- Witnesses' Duties: Check, on screen, that the date and time of the last online access matches the last witnessed transaction; verify transaction details with the appropriate transaction document; witness the authorised transactions being completed; witness the R.F.O. signing out of online services; and sign the Online Register Access plus finance documentation.
- Download and print the transfer receipt. - if this does not show the date/time of access then a manual record of these details should be written on it .
- Council approved transfer amount, with the appropriate account details, are to be set out in a document to be signed by those present at the transfer including the R.F.O. plus the details of the online access (date/time/witnesses/reason) are to be recorded, with signatures in the Online Access Register.
- Transfer document and transfer receipt are to be filed with the invoices for that financial year and the transaction recorded in the Receipts Ledger.
- **Emergency Variation** (e.g. pandemic restrictions): Continue with two staff members physically present but with one approved Member online via video link; above steps to be followed as normal; R.F.O. to screen shot an image (if possible) which records the details (time/date) of the video call and attach to the transfer letter for filing.

- **Bank Reconciliations**

- Bank statements printed from online access at the time of the above transfer process with witnesses present.
- On receipt of any statements the R.F.O. is to promptly carry out the bank reconciliation.
- Process: Match payments made and received listed in the appropriate ledgers (Receipts & Payments), whilst also checking the amounts match, with those listed on the bank statement.

- Write the payee's name next to the relevant payment on Bank Statement and place a mark (tick/dot/cross etc) next to that payment recorded in the Payments Ledger.
- Write the payer's name next to the relevant receipt voucher number on Bank Statement and place a tick next to that receipt recorded in the Receipts Ledger.
- R.F.O. to initial the top corner of Bank Statement to confirm all items matched and completion.
- R.F.O. to investigate any discrepancies and resolve as appropriate. If a bank error has been identified, the R.F.O. is to contact them and inform Council at the next appropriate meeting.
- Reconciliations are reported at the next Ordinary Meeting with presentation duly minuted by the Clerk.
- Completed reconciliations are filed with the accounts for relevant financial year and must be available to the Internal Auditor/External Auditor and Councillors at all times.
- An amalgamated bank reconciliation is produced at each year end and submitted with the Annual Return.

2. Processing of Salaries and Members' Payments:-

Payroll is outsourced to an external agency which processes the monthly salaries, pensions, N.I. and P.A.Y.E. liabilities and all Members' Payments. These are then deducted direct from the Council's Business Current Bank Account as BACS payments and paid direct to the recipient.

To maintain segregation of duties, the Clerk manages and reports all staffing related changes to Council for approval and the R.F.O. actions the approved changes. The R.F.O. is the designated contact with the payroll company and has sole access to the payroll portal used to upload monthly payment schedules, HMRC documents etc. The R.F.O. must inform the payroll company of any changes in staff payroll, which have been agreed and minuted by Council. This is to be done in a written format i.e. letter/email/spreadsheet, checked and signed by the Clerk prior to being sent/uploaded. A copy of these notified changes must be either filed in the locked staff file or in the appropriate financial year lever arch file – this depends on what the document relates too. The letter/email/spreadsheet must specify the necessary change and the date from which it is to take place from and the R.F.O. must record on it the date the item was uploaded/sent and initial to show that they had completed that task. All these documents must be available for inspection by the Internal/External Auditor.

A procedure for control and monitoring is:-

- **Employees**

- Staff basic contract hours are Clerk 22 hours per week office based, 6 hours per month for meetings; R.F.O. 22 hours per week office based, 2 hours per month for meetings; All wages are salaried therefore are a set amount reported to payroll monthly.
Emergency Variation (e.g. pandemic restrictions): Flexible base working for office staff, between home working and office.
- Evidence of days/times attended in office are recorded in the in/out log located in reception at Bedwellty House.
- Overtime: Listed on a separated overtime form or printed email specifying officer, where and why it was undertaken – ***NB. Overtime is to be approved by either the Leader/Deputy Leader/Mayor/Deputy Mayor prior to being undertaken by the Officer.***
- Staff related changes must be approved by Council before the R.F.O. can action them with the payroll company.
- The R.F.O. must supply the correct monthly salary, overtime, and employee/employer pensions rates to the payroll company.
- The Clerk is to verify all changes on the monthly payment schedule prior to R.F.O. uploading them to the payroll portal. The Clerk is to sign and date the documents to confirm verification.
- In the prolonged absence of the R.F.O., the Clerk is to complete the R.F.O. steps with the Leader completing the Clerk's verification role.

- **Members' Allowances**

- *Mayoral and Senior (Leader) Allowances* – Council approves payments at the AGM. If the Mayor or Leader wishes to decline the payment, this must be done in writing/email to the R.F.O..
- Mayor/Leader, if not already on the payroll system, will need to complete a new starter payroll form with the R.F.O. uploading the completed form to the payroll portal and securely filing the form in the locked Staffing cabinet.
- R.F.O. to process payment as part of the June Schedule of Payments.
- *Members' Allowances* (mandatory) - R.F.O. contacts all current Members in July/August and any Member that wishes to decline these payments must then do so by completing the proforma and returning it to the office.
- For any Member not already on the payroll system, they will need to complete a new starter payroll form with the R.F.O. uploading the completed form to the payroll portal and securely filing the form in the locked Staffing cabinet.
- R.F.O. to process payment as part of the October Schedule of Payments.
- New Members joining during a financial year – The above steps for Members' Allowances are followed with the R.F.O. also contacting the Finance Committee for a decision on whether the mandatory payments are made in full or pro-rata. The Finance Committee responses are printed and filed to document the decision with any agreed payments being made as part of the next appropriate Schedule of Payments. The R.F.O. cannot make payment without this approval.
- Leaving Members – The Finance Committee will make a decision, based on each circumstance individually, as to whether there is clawback of any allowances paid. The R.F.O. is to contact the Finance Committee outlining any proposals and their responses are printed and filed to document the decision. The R.F.O. is to duly contact the ex-Member if clawback is to be actioned.
- The R.F.O. must ensure that all Members personal details are securely locked away in the staff cabinet – new payroll starter forms, HMRC letters. Members can request, to the R.F.O., to see what details are being on file but they are to have access in the office and to their documents only.
- The R.F.O. is to only hold Members personal details for the period in line with legislation after which they are to be securely destroyed.

- By the 14th of each month: R.F.O. must upload any Members' payments, the basic payroll data with any additional pension payments plus approved overtime to the payroll portal "myePayWindow". NB. All overtime must be stated in hours and to the nearest quarter of an hour (rounded down). This monthly payment schedule is to be checked, signed and dated by the Clerk prior to portal submission and filed in the relevant financial year lever arch file.
- The R.F.O. must promptly notify the payroll company of any changes in tax codes, members of staff and/or councillors, keeping a written recorded of the notified changes.

- **Payments**

- Payroll company releases the breakdown of the monthly payroll expenses and payslips on the "myePayWindow" portal and emails the employee/Member direct to confirm that month's payslip is available to download from the individual's "restricted" portal account.
- R.F.O. checks Members' payments, employees' basic pay, overtime amounts and pension deductions paid are correct.
- R.F.O. submits the breakdown of the monthly payroll expenses at the next Ordinary Meeting as part of the Schedule of Payments, indicating the inclusion of any Members' payments. The amount is a totalled amount, not identifying individual amounts paid.
- Following Council's approval, the payroll company makes the payments via BACS – Salaries/Member's payments are paid on last working day of each month, N.I./PAYE & Pensions on 19th of the following month.
- R.F.O. records these transactions in the Payments Ledger for the relevant month.

- R.F.O. reconciles the Payments Ledger transactions with the bank statements, as part of the bank reconciliation, to identify any discrepancies. If any are identified, an investigation must be done by the R.F.O. to determine who/how the error was made and an action to resolve it. If needed, the R.F.O. should bring this to the attention of Council at the next appropriate meeting.
- Monthly: R.F.O. submits two reports to Torfaen Pensions - CARE form and employer/employee pension contributions plus additional payments.
- Annually: R.F.O. reconciles all pension payments made, completing the end of year report for the pension scheme suppliers.

As part of the Internal Audit, a sample of the payroll will be selected by the Internal Auditor to confirm that deductions made by the payroll company are accurate and the appropriate accounting entries have been made.

3. Petty Cash:-

Petty cash is maintained using an Imprest system with a float of £100.00p, controlled by the R.F.O. A lockable tin containing the petty cash is in the Council's safe and the R.F.O. holds the key for the tin.

Procedure for control and monitoring:-

- **Using Petty Cash**
 - Purchases made are to be for minor items only.
 - A receipt, and where possible the purchased item, produced to the R.F.O. prior to any reimbursement being made.
 - R.F.O. writes a petty cash voucher for the receipt which is duly signed by the purchaser to confirm reimbursement for the item.
- **Reimburse Petty cash system via Imprest**
 - Float to be reimbursed when at least £50.00p has been spent.
 - R.F.O. reconciles the receipts and remaining cash to £100.00p.
 - Clerk signs all the submitted petty cash vouchers to confirm they match the attached receipts.
 - R.F.O. submits the receipts with a cheque request form, for the total amount of the receipts, at the next Ordinary Meeting as part of the Schedule of Payments.
 - Following approval, R.F.O. will cash the cheque at the bank to replenish petty cash.
 - All transactions are recorded in the Payments Ledger and Petty Cash Journal Ledger
 - At Year End: Petty Cash Journal Ledger and Payments Ledger are reconciled with the Petty Cash float for inclusion in the final year end accounts.

NB: Where it has been necessary for the R.F.O. to make the purchase of items to be reimbursed by petty cash it will be the responsibility of the Clerk to confirm the item and receipt have been produced as evidence of the purchase. This can be done by countersigning the petty cash voucher.

4. Grants:-

- All completed grant forms/requests are recorded in "Incoming Correspondence" and given to the R.F.O.
- R.F.O. checks, in the Payments Ledger, when association last received a grant and records the date, amount and cheque number on the form.
- R.F.O checks that association has supplied all the supporting documentation required, as per Council's Grant Policy.
- Clerk or R.F.O. submits the grant form at the next appropriate Meeting.
- Any Councillor with an interest in the grant applicant will declare this and abstain from decision voting.
- Following approval with the amount minuted by the Clerk, the grant form is returned to the R.F.O.
- Council may agree a grant in principle pending further information or the association meeting specified criteria. Approval to release this grant on receipt/meeting of the above may be delegated to the office.

- R.F.O. includes the grant in the Schedule of Payments as per the Payment Process.

5. Purchasing:-

• Quotes

Both Standing Orders and Financial Regulations give full guidance on any delegated purchasing authority and procedure for “Contracts”. Below is a summary with the reporting procedure confirming approved practice:

- Under £500: Best value by Clerk or RFO, with search evidence and reported to Council at next appropriate meeting. Delegated powers to purchase day to day operational purchases and public convenience repairs under £500.
- £500 to £1,500: Strive to obtain at least three estimates.
- £1,500 and £50,000: Strive to obtain at least three quotations.
- Over £50,000: Tender process, striving to obtain at least three tenders from an approved tender list.
- Details of the received estimates/quotes/tenders, including costing but excluding company information will be submitted to the Finance Committee for a recommendation to be made to Council or to Full Council if no Finance Committee is being held in time to receive them first.
- On approval – and minuted - a letter/email of acceptance and order number (issued by the R.F.O.) will be sent to the successful supplier.
- A copy of the order will be kept in the R.F.O.’s payments file.
- All estimates/quotes/tenders remain on file for twelve years.

• Processing of Orders

- The R.F.O. or Clerk is to source item to be ordered and cost.
- Item and cost must be approved by Council and duly minuted prior to ordering.
- If given delegated powers, the Senior Four Members can approve the purchase with Council ratifying at the next appropriate meeting.
- R.F.O. issues an order specifying the requirement, associated costs and delivery details in the form of an official order, email or letter.
- A record of how order was sent i.e. post/email/fax and date sent is to be kept.
- Copy of the order placed within the payments file.

• Receipt of Orders and invoices

- Clerk or R.F.O. checks the goods received against the G.R.N. (Goods Received Note) and initial to confirm the items received.
- R.F.O. checks the G.R.N. against the order to confirm all items have been received.
- The G.R.N. is to be attached to the order copy in the payments file.
- On receipt of the invoice: R.F.O. matches the invoice to the correct order, checking that all the items received have been invoiced for at the agreed amount.
- Invoice is attached to the order and G.R.N., placed back into the payments file.

6. Payment processing:-

A procedure for control and monitoring:-

- All invoices are recorded in “Incoming Correspondence” and given to the R.F.O.
- Invoices are placed in the payments file, where necessary/possible matched and checked against the relevant order by the R.F.O.
- Monthly: R.F.O. selects all invoices, petty cash, payroll and grants due for payment.
- Each invoice/payment advice to be paid will be stamped using a “PAID” stamp.
- Expected payment date (usually the Ordinary Meeting date on cheques; for BACS/direct debit/standing order/online payments this will be the date the payment is due to be actioned on) is written within the “PAID” stamp.

- Online Payments: The R.F.O. to create a monthly online payment list containing the payee name/amount/bank details. This must form part of the monthly schedule of payments to be submitted to Council. If payment is being made online, this must be written within the “PAID” stamp on the relevant invoice.
- If a cheque is written for the invoice, the cheque number is to be written within the “PAID” stamp. Where possible, our customer account number and/or order number is written on the cheque rear to avoid miss-payment.
- Either the Clerk, Leader or Mayor matches the details on the cheques to the details on the invoices and initial the invoices by the “PAID” stamp to confirm they match.
- Either the Clerk, Leader or Mayor matches the details on the monthly online payment list to the details on the invoices and initial the invoices by the “PAID” stamp to confirm they match.
- R.F.O. produces a monthly Schedule of Payments to be submitted to Council at that month’s Ordinary Meeting. Composite of Schedule: details of the payee, reason for payment, cheque number/payment method, amount, Power for the payment, total for the month and a running total for the year.
Emergency Variation (e.g. pandemic restrictions - Council are unable to hold meetings): Continue to follow all the steps above as normal; at this point the R.F.O. produces the Schedule of Payments which is to be emailed/posted to all Members, opening it up for any queries or refusal of payments. Following resolving of queries and provided there are no refusals, the payments are processed/posted out with the Schedule of Payments being ratified at the next available meeting.
- Reconciliation of invoices, cheques and the monthly online payment list with the Schedule of Payments to be done by the Leader or Mayor prior to/at the Meeting. **Emergency Variation:** When signing the cheques.
- Schedule of Payments submitted to Council, along with the recommended monthly transfer amount, and approval duly minuted by the Clerk.
- Following approval, cheques are to be signed as per the Cheques section of this policy.
- If possible, the following day the R.F.O. will post the cheques to the relevant recipients with their statements (if available) or our order/account details with the cheque. The R.F.O. will also set up all the online payments as per the Online Payments section.
- All post recorded in the postage book.
- R.F.O. records all the payments in the Payments Ledger for the month, sub-totalled under the relevant account headings for the month and totalled to date for the financial year.
- R.F.O. transfers monthly sub-totals to appropriate headings on the accounts’ spread sheet and totals to date checked.

7. Income:-

There is a limited amount of income received by Council and it mainly consists of the Precept, VAT reimbursement, allotment rental or grants. All of these come in the form of a cheque or direct bank transfer but there is some cash received because of the Council’s fundraising activities. When possible, all fundraising activity collections are processed through the Mayor’s Appeal to maintain separation and identification of these funds from the normal running activities of Town Council. Whether cheque or cash this must all be promptly banked and recorded in the same way although the initial treatment is slightly different for cash (this applies to both Town Council and Mayor’s Appeal).

- **Cash Received**
 - R.F.O. counts and bag, according to its monetary value, all cash received.
 - A list of each monetary amount compiled i.e. £10 = £30, 50p =£3.50p. Details of payee/where money has come from included on the list – e.g. A.F.D. collections
 - All the amounts will be totalled together.
 - Clerk counts the money, matching each amount against the list, reconciling the total amount.
 - Both Clerk and R.F.O. initial the list.

- R.F.O. completes a banking voucher, recording the voucher number and date of banking on the list of amounts.
- The R.F.O. has been allocated a bank deposit card and this is used to pay the cash in at the Post Office. Cash deposits can take up to 5 working days to reach Council's bank account.
- Following banking: Amount and payer details are recorded in the Receipts Ledger.
- The deposit receipt given by the Post Office is to be attached to the compiled initialled list and filed in the invoices file for the financial year it relates to.
- Receipts are matched with the bank statement as part of the bank reconciliation process.

- **Cheques Received**

- R.F.O. completes a banking voucher, recording the voucher number on the remittance advice received with the cheque.
- The R.F.O. has been allocated a bank deposit card and this is used to pay the cheques in at the Post Office.
- Post Office cheque deposits require a completed paying in slip - listing all the cheques - and a Barclays deposit envelope which they supply.
- The Post Office will issue a receipt for the deposit which can take up to 5 working days to reach Council's bank account.
- Following banking: Amount and payer details are recorded in the Receipts Ledger.
- Remittance slips, along with the deposit receipts, are filed in the invoices file for the financial year it relates to.
- Receipts matched with the bank statement as part of the bank reconciliation process.

NB. Where the money banked is as a result of fund raising by the Council there will be a cross reference written into the Receipt and Payments Ledgers to show the banked money being paid out to the Mayor's Appeal – usually as soon as possible after all the monies has been banked.

8. Internal Audit:-

- Council recommends an Internal Auditor at the Council's A.G.M. of Council for the forthcoming financial year with appointment being made (approximately June) following the review of past internal audit services and pending agreement of terms of engagement/appointment.
- Appointed Auditor must be independent of the Council; must not be involved in the Council's management or administrative roles.
- Internal Audit requirements: Giving consideration to any anticipated thematic assertions for the forthcoming financial year, are to be agreed by Council and Internal Auditor in advance of commencing work for the forthcoming year.
- On first appointment by Council, an engagement letter between the Internal Auditor and Council stating the scope of the audit, term of engagement and remuneration is to be completed.
- If required, periodic visits by the Internal Auditor will be arranged to verify the assurances specified in the Annual Return, with Internal Auditor reports considered at the next appropriate Performance Review Committee (Full Council).
- Areas of concerns highlighted by the Internal Auditor are to be reported to Council; any recommendations in respect of existing procedures will be considered and where agreed, implemented by Council.
- Following completion of Annual Return, Council is to review the work of the Internal Auditor.

The Internal Auditor's role also includes the verification of the Council's accounts and Governance on the Annual Return prior to submission of the Return to the External Auditor.

9. Community Investment Bonds:-

- Council is to agree and duly minute any decision to open/close a Community Investment Bond.

- Council is to set the amount and timescale of the bond deposit.
- The R.F.O. is to open/close the Community Investment Bond as per Council's minuted instructions.
- The R.F.O. and two of the bank mandate signatories (excluding the Clerk) are to be the named persons on the Bond account.
- The only actions to be taken on the Bond account are to be done by the R.F.O. following them being reported to Council for prior approval.
- All documents relating to the Bond account are to be filed and stored securely but be available for Internal/External Auditors or Members to view as/when requested.
- The R.F.O. is to report any necessary correspondence relating to the Bond account to Council at the next appropriate meeting.

This Policy has been set following the guidelines of the Governance and Accountability for Local Councils in Wales – A Practitioners' Guide (2019) and is to be reviewed annually by Council.

Annette Edwards
R.F.O.
28th August 2025