

SAFEGUARDING PUBLIC MONEY POLICY

The Safeguarding Public Money Policy was adopted by the Full Council at its meeting held on 16 May 2016.

This guidance may safely take advantage of modern payment methods whilst protecting the public assets in their care once reviewed and agreed.

ANCASTER PARISH COUNCIL must:

- a. Have in place safe and efficient arrangements to safeguard public money, where doubt exists over what constitutes money, it must presume it falls within the scope of this guidance.
- b. Review monthly the effectiveness of its arrangements to protect money.
- c. Arrange for the proper administration of its financial affairs (Council) and that the Responsible Finance Officer has the responsibility for those affairs (RFO).
- d. Identify and protect income and expenditure and the money represented by each and must ensure controls over money are embedded in Standing Orders and Financial Regulations. This should include all assets fixed and variable.
- e. Not relinquish the 'two members' signature control over cheques and other orders for payment.
- f. Approve the setting up of, and any changes to accounts with banks or other financial institutions.
- g. Approve every bank mandate, the list of authorised signatories for each account, the limits of authority for each account signature and any amendments to mandates.
- h. Approve the risk assessment and internal controls which must focus on safety of the Councils assets, particularly money and agree with auditor.
- i. Provide those with direct responsibility for money appropriate training.

1.Overview:

a. Regulation 4(1) of the Accounts and Audit (England) Regulations 2011 requires Local Councils to ensure that financial management of the Council is adequate and effective. The Regulations also require Councils to have a good sound system of internal control which facilitates the effective exercise of its functions. This includes arrangements for the management of risk. Nowhere is this more important than when considering how Councils manage money.

b. The guidance in this section helps Local Councils to protect the money they use to provide services for local people. It.

- a. defines money.
- b. defines 'must', 'should' and 'may' requirements
- c. describes the drivers for change from statute to technology;
- d. identifies roles and responsibilities for members;
- e. identifies roles and responsibilities for Responsible Finance Officers
- f. describes arrangements for monitoring and scrutiny; and
- g. describes controls for managing risk, error and fraud

2. What is Money?

a. 'Money' includes cash, and anything easily converted into cash. For example, a non-exhaustive list of money includes:

- a. physical cash and notes, petty cash and unclaimed receipts, imprest accounts, cash in transit.
- b. unpaid income held by debtors
- c. signed and unsigned cheques, drafts and other orders for payment
- d. current, deposit and investment accounts and banks and financial institutions and access to undrawn borrowing facilities.
- e. credit cards (where held – see below), debit cards, store cards, fuel cards;
- f. access to balances by telephone or electronic transfer; and
- g. the ability to buy goods or services on credit

b. Where doubt exists over what constitutes money. Councils must presume that it falls within the scope of this guidance.

c. This guidance applies to all accounts held with financial institutions, as principal or trustee, including controls over access whether physical or electronic 'Public Money' refers to all money controlled by the Council.

3. Definition of 'must', 'should', and 'may'

In this section

The word '**must**' mean there is a specific legal or regulatory requirement affecting Local Councils. To help you easily identify those sections that contain a legal or regulatory requirement we have used **bold type** in that section. '**Must**' is a requirement that is essential.

We use 'should' to identify minimum good practice, but for which there is no specific legal or regulatory requirement. Councils follow this practice unless there is a good reason not to;

'May' identifies practices Councils apply exercising discretion.

a. Central Government expressed the view that the removal of S150(5) should not leave the public funds controlled by Parish Councils at any greater risk of loss through misconduct or poor control and that safeguards be put in place so that all the payments made by Parish Councils are legitimate and that there is no misuse of the system.

b. The Payments Council set out a strategic vision for UK payments. That plan identified the increasing variety of payment options and accepted the long-term decline in the use of cheques. The plan highlighted the advantages and risks associated with the technological progress of UK payments. It also brought into sharp focus the need for Local Councils to modernise their arrangements and put in place safe and efficient methods of payments for goods and services.

4.Roles and responsibilities of members:

- a. Councils must review regularly the effectiveness of their arrangements to protect money.
- b. Parish Council members are responsible for putting arrangements in place to safeguard public funds. Councils may delegate the role of protecting money to individuals, for example the Clerk or the RFO, but the legal responsibility always remains with the Council and its members.
- c. Therefore, arrangements should:
 - demonstrate how the Council meets its responsibilities
 - be current, and
 - include specific duties of named individuals
- d. The duties of named individuals may include:
 - securely managing money
 - arranging security on and off the premises
 - identifying internal controls; and
 - supervision measures
- e. The Council may seek external advice and guidance to enhance internal expertise, skill or knowledge. Periodic reviews of arrangements may be carried out by members or by Internal Audit. Reviews should rotate, and all outcomes reported to Full Council.

5.Roles and Responsibilities of the Responsible Finance Officer (RFO)

- a. Every Local Council must arrange for the proper administration of its financial affairs and that one of its Officers has responsibility for those affairs.** This officer is the Responsible Finance Officer (RFO).
- b. In all circumstances, even where a Local Council has not made a formal appointment there is always a Council RFO. By default, the RFO is whoever keeps the Councils accounts. The Council should appoint a temporary RFO if the appointed RFO is unavailable through absence or illness and has not nominated a member of staff to act as RFO.
- c. The RFO should be familiar with statutory duties for financial administration as they apply to Local Councils arising from:
 - a. Section 114 and 151 of the Local Government Act 1972; and
 - b. The Accounts and Audit Regulations 2011 ('The Regulations')
- d. The responsibilities of the RFO include to advise the Council on its:
 - a. Corporate financial position
 - b. Key financial controls necessary to secure sound financial management
and
 - c. Treasury (that is cash and investments) management.

6.Corporate arrangements for monitoring and scrutiny.

- a. Councils must identify and protect income and expenditure and the money represented by each. They must ensure controls over money are embedded in Standing Orders and Financial Regulations.**
- b. Councils must not relinquish the 'two-member' signature control over cheques and other orders for payment until they have put in place safe and efficient arrangements**

in accordance with this guidance. The 'two-member' signature control is just one of many possible controls. By itself it does not satisfy the requirements to have in place safe and efficient arrangements for managing money.

c. The Council must approve the setting up of and any changes to accounts with banks or other financial institutions.

d. The Council must approve entry into a 'pooling' or 'sweep' arrangement whereby the bank periodically aggregates the Council's various balances via automatic transfers.

e. Councils should avoid the use of credit cards as they are difficult to control and present unnecessary risks to public funds.

f. If held, corporate credit accounts must be set up to operate within defined limits and cleared monthly by direct debit from the main bank account.

g. The Council must approve every bank mandate, the list of authorised signatories for each account, the limits of authority for each account signature and any amendments to mandates.

h. Where multiple accounts are held, authorised signatures should not be concentrated for any length of time among just a few members but allocated widely. All Councillors should be authorised signatories.

i. Councils should set out clearly in writing the responsibilities of those handling money. Where Officers are to receive delegated responsibility for collecting money or making payments, their terms and conditions of employment should refer to the relevant Council Standing Orders, Financial Regulations and internal controls.

j. Internal controls should include clear arrangements for the temporary holding, transit and storage of cash and clear rules about the frequency of banking. Those handling monies and those with responsibilities for controls should be aware of the terms of the Councils Insurance cover for money movement and security.

7. Corporate controls to manage risk, error and fraud.

a. Risk assessment and internal controls must focus on the safety of the Councils assets, particularly money. Wherever possible, Councils should apply and monitor a clear segregation of duties regarding money and its movements.

b. Those with direct responsibility for money must undertake appropriate training from time to time. Members should keep themselves informed about known risks and threats to money. Councils may engage with police and local anti-fraud and corruption networks to keep up to date with risks and security threats.

c. Fidelity Guarantee insurance or any other form of security is not by itself sufficient protection over threats to money or other assets. Risk assessed insurance should, however, always cover maximum exposure to money.

d. Monthly bank reconciliations should be performed and available for inspection by any Councillors. In the event of bank reconciliations discrepancy, explanations should be checked and verified. The Clerk should explain any failure to produce bank reconciliations.

e. Payments approved by Full Council should be issued and sent out as promptly as possible. Unissued cheques are vulnerable to fraud and may create a false impression of the Councils available financial resources.

f. If transfers between bank accounts are excluded from bank reconciliations, a listing of 'pooled' or 'swept' inter account transfers should be kept up to date and made available to any member on request.

g. A listing of all accounts held, their current authorised signatures and their current balances should be kept up to date and made available for any member on request.

h. Payments in respect of trade credit arrangements with local supplies should meet Government targets on proper payments.

i. Internal audit should review and report on controls over money annually.

NALC Appendix 10 – Safeguarding Public Money.

Adopted by Ancaster Parish Council 16 May 2016
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