



Portishead Town Council

Banking and Cash Handling Procedures

DRAFT FOR ADOPTION BY TOWN COUNCIL

1. Introduction

The Banking and Cash Handling Procedures supplement the Financial Regulations on Banking Arrangements, Income, Petty Cash and Security and therefore have the same standing as the Financial Regulations.

The Clerk must ensure that all officers within their service have read and understood the Procedures and that they are always complied with. Furthermore, all staff involved in cash handling and banking should be made aware of the requirements of and have access to the Procedures. Staff should be advised that disciplinary action may be taken against them if they fail to comply with the Procedures.

The procedures represent the minimum standard that must operate throughout the Council. The Clerk may incorporate additional procedures only if they enhance the requirements of the Procedures. Under no circumstances should the requirements of the Procedures be reduced or omitted.

The Procedures are intended to offer guidance to staff on the minimum required procedures for the collection, control and banking of Council income. For the purpose of these Procedures income includes that received direct by cash or cheques and held on Council premises.

a) The objectives of the Procedures are to ensure that:

- All income received and held by the Council is completely and accurately accounted for and banked promptly.
- All income is held securely.

b) Why is this important?

- Income is a vulnerable and attractive asset. It can easily be misappropriated if not effectively controlled.
- Effective controls over cash collection, retention and banking systems are necessary to ensure that all income due to or held by the Council is identified, collected, receipted and banked properly and promptly.

c) What are the Key controls?

- All income due to or held by the Council is identified and charged to the correct nominal code.
- All income is collected from the correct person, at the right time, using the correct procedures.
 - All income received by an employee on behalf of the Council is paid without delay to the correct reference/nominal income code.
 - All income collected and deposited is regularly reconciled in line with Council policy.
 - All income kept on Council premises is held securely.

2. Receipt of Income

Each Officer is responsible for ensuring that all income is received and is completely and accurately accounted for. All income received by **cash or cheque** must be receipted immediately upon being received and must be recorded by the issue of an official Council receipt (it should be noted that income received through the post should be receipted at the time of post opening). **Income received by electronic payment direct to a council bank account does not need to be receipted, as the bank statements of payee and payor provide a record of payment.**

a) Issuing manual official receipts

Manual receipts must be dated, the payers name recorded, and all required information completed. Only then should the receipt be signed by the member of staff collecting the income.

b) Receipt of Cheques

All cheques should be made payable to Portishead Town Council and crossed "a/c payee only".

c) Post-dated cheques

All post-dated cheques received are returned to the payee unless the cheque is dated within a week of receipt. Cheques returned to payees are sent with a covering letter.

3. Cash Controls & Security

Financial Regulations requires that each officer is responsible for ensuring that all income received is accurately accounted for and banked. In order to satisfy this requirement, it is necessary to establish and operate basic controls over cash, including cheques, and safes as follows.

a) Control of cash collected

It should be noted that current insured levels are up to £2,500 in a locked safe and £350 out of a safe at PTC premises out of business hours. Therefore, care should be taken to avoid amounts held at any time being in excess of the above limits and as a matter of operating policy the amount of the petty cash float should not exceed £50 and the total cash kept on premises should not exceed £250.

Where cash and cheques are received the following controls must be applied:

- All cash and cheques must be held securely when on Council premises pending banking, ideally in a safe or in a lockable drawer/cash box.
- Any floats must be held in a safe, or lockable drawer or cash boxes for smaller amounts when not in immediate use.

b) Security of and Access to Safes

- Only the Clerk and RFO will have access to the safe.
- Safe keys must be held on the person of the authorised key holders at all times and must not be left unattended on the premises as this will invalidate insurance cover.
- A safe may be open only when in immediate use; and when the Clerk or RFO is in the immediate vicinity.
- Whenever the authorised key holder leaves the Council, changes employment or temporary cover ends, the Chairman must ensure that the safe key is received and records updated.
 - Any loss of a safe key must be reported immediately to the Council.

c) Security of and Access to lockable drawers or cash boxes

When the safe is not used the following must be applied:

- All income must be stored in a lockable cash box or drawer pending banking.
- Where a cash box is used this must be stored in a lockable drawer when not in use.
 - Access to the cash box is restricted to the Clerk, RFO, Assistant Clerk or other member of staff authorised by the Clerk, RFO or Assistant Clerk.
 - Whenever access to the drawer/cash box is required, a member of staff with authorised access must be on site.
 - When not in use the keys to the drawer/cash box must be retained on the person of the authorised key holder or held in the key safe.
- The lockable drawer/cash box must be open only when in immediate use; and when a member of staff with authorised access is in the immediate vicinity.

d) Routine checks

The Clerk or RFO must ensure that the following checks are performed, on at least a monthly basis:

- Balance petty cash float and agree totals.
- Where irregularities are detected, the Clerk must be informed, Audit notified, and the matter investigated immediately.

4. Petty Cash Float

The Clerk or RFO is responsible for the security of any cash held in respect of the Petty Cash Float and must ensure that the following is applied:

- All cash must be held in a locked cash box.
- The Petty Cash float balance must be checked by the Clerk or RFO and one other member of staff. It is the responsibility of the RFO to ensure that the float is at the correct level and properly maintained with sufficient change.

a) Issuing Petty Cash

- Petty cash payments should be used only for reimbursement of expenditure of less than or equal to £15.00. Items more than this amount should be paid for by invoice, debit card or staff expense claim.
- Check that voucher has been correctly completed and that receipts are attached.
 - Ensure the voucher been signed by both the person receiving and the person authorising the cash payment. These cannot be the same person.
 - Enter the date, name, voucher number and amount on the Petty Cash summary sheet.

b) Replenishment Petty Cash

- When the Petty Cash level reaches just under £25 it will need to be replenished.
 - The Clerk or RFO will withdraw cash from the bank. A receipt must be obtained to support the cash withdrawal and entered in the Petty Cash summary sheet. Alternatively, the float may be replenished from cash income received in accordance with Financial Regulation 6.18(b). In which case the income must be recorded in the accounting records and receipted into the appropriate accounting cashbook before the petty cash float is replenished and the replenishment entered in the Petty Cash summary sheet.

5. Cash Balancing and Banking

All income collected must be balanced regularly.

- All income received by the Council must be banked intact. Under no circumstances must retentions or deductions be made to the takings to be banked, other than to replenish the petty cash float in accordance with Financial Regulation 6.18(b).
- Any shortages in income identified during the cashing up process must not be made up from other sources.
- All overs and shortages must be recorded and any significant or persistent discrepancies reported immediately to the Clerk or RFO.
- Banking's should be made on a regular basis.
- Insured limits must be considered in the retention of income pending banking.
- All income must be supported by sufficient documentation to ensure that it can be adequately identified and accounted for.
- Care must be taken to ensure that paying in slips are completed clearly in order that income can be identified and allocated correctly.

When transporting cash/cheques to the bank it is extremely important that all safety measures are followed. The aim is to reduce the risk of exposing personnel to attack and/or injury, whilst carrying money. The following measures must be always adhered to; however, they are only the minimum standards and where possible additional precautions should also be taken.

- The person carrying the cash/cheques must always carry a mobile phone.
- If attacked, or attempts made to steal the bag carrying the money – Under no circumstances should personnel attempt any act of bravery.
- Always hand over the money to any person attempting to steal the money.
- Do Not attempt to either fight off or fight back against any attacker as this only increases the risk of serious injury.
- Hand over the money and, when able to do so, raise the alarm by calling firstly the Police and then the Council.
- Personal safety is of paramount importance to the Council. The money stolen can be replaced.

6. Reporting of Irregularities

Any member of staff who thinks that there may have been a theft or other case of misappropriation of the Council's income must inform the Clerk immediately. Where it is suspected that the Clerk may be involved then the Chairman of the Council and Internal Auditor should be informed.

The Clerk must report any matter to the Chairman of the Council and the Internal Auditor.

All Staff who handle cash and cheques will be given a copy of these procedures and asked to sign to say that they have read and understood them, a copy will be kept in their personnel file.

Any member of staff who has any query about the Banking and Cash Handling Procedures must ask the Clerk or RFO for assistance

Reviewed and adopted by Town Council on 17 March 2021