



TODMORDEN TOWN COUNCIL

REPORT TO FULL COUNCIL

| | |
|----------------------|--|
| REPORT AUTHOR | Colin Hill –Town Clerk/Responsible Financial Officer |
| TEL NO | 01706 548135 |
| EMAIL | townclerk@todmorden-tc.gov. |
| Date | 14th August 2019 |
| SUBJECT | Officer Scheme of Delegation, Banking arrangements and Process for authorising payments |

PURPOSE:

1. To propose to Members that an Officer Scheme of Delegation be introduced in conjunction with Internet banking and use of debit card to enable:-
 - a. More efficient and financially effective ordering of goods
 - b. Speedier process of making payments including reducing the need for cheques to be signed for all payments at each Committee meeting.
 - c. More frequent reconciliation of the bank account as required
 - d. Transfer of funds to interest bearing, accounts in order to maximise any interest earning benefit.
 - e. More effective transparency for the public by payments made being visible on the Council's Web Site.
 - f. Virements of any amount between existing budget headings, and up to £2,500 between different cost centres in order to assist with active budget management excluding Reserves and Staff Salary budgets.
2. To seek approval for the Town Clerk/Responsible Financial Officer to be a signatory to the bank account to enable single authorisation of payments up to £1,000 to be made from the bank account.
3. To delegate to the Chair of General Purposes Committee and Town Clerk the power to jointly authorise any payments between £1,001 and £4,999 to be made.
4. To propose that a schedule of payments made from the Bank account is brought only to full Council for retrospective approval.
5. To note that until changes to the banking arrangements are in place the existing system of providing cheques with schedules for signing will continue.
6. To propose that a revised set of financial regulations is brought back to the October Full Council meeting to incorporate these changes, taking into account any other changes that may be

proposed in the intervening period, for example possible changes to Grants levels for delegation.

7. To propose that current Standing Orders regarding procurement are also revisited for the October Full Council.

BACKGROUND:

8. The current level of financial delegation as determined by the adopted set of Financial Regulations are a "Model Set", more applicable to Parish Council precept levels where expenditure is often less than £50,000 per annum
9. Many Town Councils with increasing Precept levels, and with it more services to be delivered and increased levels of Financial related activity, have revised their powers of financial delegation upwards in order to speed up the process of administration.
10. Budgets inevitably change throughout the year and there is a need to move budgets between existing detail codes and occasionally between budget heading themselves. There should be no requirement to move between staff budget headings and or Reserves without prior approval of General Purposes Committee and or Full Council.
11. Existing arrangements require cheques to be drawn, and schedules of payment being authorised to be presented to Committee meetings. This process is archaic, and does not reflect changes to the banking system through the use of the Internet and use of a debit card to make the processing of payments easier and speedier.
12. Future Schedules of payments made, would include top line detail up to £1,000, and above this level, a more detailed explanation provided, with such information sent to Members ahead of the meeting. This will enable Members to seek clarification from the Town Clerk/Responsible Financial Officer ahead of the meeting , should they so wish.
13. This does not remove the opportunity for any Member to query any payment made, but should reduce the need to do so at Full Council to obtain background information regarding the need for the payment to be made.
14. Without the use of a Debit Card we currently cannot take advantage of any advantageous pricing of smaller items through placement of orders through the internet e.g Amazon.
15. We are currently carrying too high balances on current account and unable to maximise any interest earning opportunity by transferring surplus current account funds to interest earning accounts on a daily basis.

FINANCIAL CONSIDERATIONS

16. We currently process approximately 250 payments per year. Of these historically these are banded as follows:

| | Below £1000 | £1001 to £4999 | £5000 and above |
|------------------------------------|-------------|----------------|-----------------|
| Number of payments made 2018/19 | 176 | 53 | 8 |
| Number of payments 2019/20 to date | 98 | 17 | 5 |

17. Current Account balances have averaged over £200,000, potentially losing the opportunity to generate up to £700 additional interest through regular transfer of funds between current and interest bearing accounts, especially at the start of year of receipt of Precept in one amount.
18. The Council has Fidelity Guarantee Insurance in place to the extent of £500,000 to cover any malfeasance issues of Officers and or Members.

RECOMMENDATION

19. That Full Council adopts an Officer Scheme of Delegation as proposed in Appendix A
20. That Full Council authorises the Town Clerk / Responsible Financial Officer to be a signatory to its bank accounts and to set up Internet Banking Capability.
21. That Full Council agrees to accept schedules of payments made only to be presented at Full Council meeting for ratification and authorisation.
22. To RESOLVE that recommendations 19-21 inclusive are adopted by this Council

REASONS FOR RECOMMENDATION

23. To provide the authority for the Town Clerk/Responsible Financial Officer to place orders and authorise payments up to £1,000.
24. To provide the authority for the Town Clerk/Responsible Officer to be a signatory to the Bank Accounts.
25. To provide the authority for the Town Clerk/Responsible Officer to actively manage budgets including realignment of budget detail codes and main heading codes.
26. To improve process and timescales involved in dealing with the financial administration of the Council.

POLICY IMPLICATIONS:

27. None arising from this report

CLIMATE CHANGE:

28. None arising from this report.

IMPACT EQUALITY ASSESSMENT

29. None arising from this report.

SUPPORTING PAPERS:

- Appendix A- Officer Scheme of Delegation

FURTHER INFORMATION, PLEASE CONTACT: Colin Hill