

TC/3982/21

Oswestry Town Council

Report from the Responsible Finance Officer and Town Clerk to Council – 19th May 2021

Town Council Bank Mandate

Purpose

To consider and approve changes to the Council's bank mandate.

Background

The retirement of a number of long-standing Members has triggered a review of the bank mandate. The current arrangements are in line with Section 150(5) of the Local Government Act 1972 which states [“Every cheque or other order for the payment of money by a parish or community council shall be signed by two members of the council.”](#)

This provision reproduces requirements that have applied to parish councils since they were established by the Local Government Act 1894. At Oswestry Town Council, the signatories on bank accounts have always been Councillors, usually any two from four named Councillors to sign cheques etc and usually the Mayor, Deputy Mayor, and Chairman and Vice Chairman of the Finance & General Purposes Committee.

However, this has always been an administrative issue for the office in terms of signatories changing, bank bureaucracy, and availability of signatories etc.

Reform of legislation

The section of the 1972 Act quoted above was repealed in 2014 and this together with increased automation and with more payments being made by BACS and Direct Debit, the current historic method is considered no longer fit for purpose.

Requirements

Authorities need to ensure controls over money are embedded in Standing Orders and Financial Regulations and the Practitioners Guide issued by the

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Joint Panel on Accountability and Governance (JPAG) Joint Practitioners Guide notes that:

the 'two-member signatures' control needs to remain in place until such time as the authority has put in place safe and efficient arrangements in accordance with paragraphs 1.15.3 to 1.15.6 of this guide.

1.15.3 Authorities need to approve the setting up of, and any changes to, accounts with banks or other financial institutions. Authorities also need to approve any decisions to enter into 'pooling' or 'sweep' arrangements whereby the bank periodically aggregates the authority's various balances via automatic transfers.

1.15.4 If held, corporate credit card accounts need to have defined limits and be cleared monthly by direct debit from the main bank account. Credit card balances are not acceptable reconciling items for bank reconciliation purposes.

1.15.5 The authority needs to approve every bank mandate, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.

1.15.6 Risk assessment and internal controls need to focus on the safety of the authority's assets, particularly money. Those with direct responsibility for money need to undertake appropriate training from time to time.

Few cheques are issued by the Council and the changes recommended in this report do not change any other aspects of the Council's financial management arrangements.

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Recommendation

As such, the Council is therefore requested to confirm that new Mandates, both for the Council's main bankers (HSBC Plc) and Investment Accounts (Barclays, CCLA, Handelsbanken and Lloyds), be completed confirming that future payments/withdrawals be signed by any two from The Town Clerk, Finance Officer, and Administrative and Finance Assistant.

Any two from three to sign cheques, authorize BACS, and investment withdrawals, etc.

Roger Dyke
Responsible Finance Officer

Arren Roberts
Town Clerk