

Report of: Director of Finance**Relevant Executive Member:** Executive Member for Finance and Governance**Submitted to:** Individual Executive Member Decision-making:
Executive Member for Finance and Governance**Date:** 7 August 2024**Title:** Cash Handling Policy**Report for:** Decision**Status:** Public**Council Plan priority:** Delivering Best Value**Key decision:** No**Why:** Decision does not reach the threshold to be a key decision**Subject to call in?:** Yes**Why:** Non-Urgent Report**Proposed decision(s)**

That Executive approves the proposed Cash Handling Policy as set out in Appendix 1. That authority be delegated to the Director of Finance and the Executive Member for Finance and Governance to approve any future minor revisions/modifications to the policy.

Executive summary

The report sets out the proposed Cash Handling Policy for the Council and contributes to the fulfilment of the responsibilities of the section 151 Officer in relation to the proper administration of the Council's financial affairs.

The objective of the policy is to safeguard the Council's cash and those staff that are required to handle cash as part of their duties.

The Cash Handling Policy establishes the control framework within which officers should manage and handle the Council's cash within and outside of the Council's premises. The Cash Handling Policy sets out rules for the safe, accurate and efficient handling and recording of cash to reduce the risk of cash loss from fraud, error and theft, and to reduce risk exposure of employees who handle cash.

The Cash Handling Policy sets standard procedures and guidelines to employees on the proper and timely handling of Council cash to be compliant with risk management, financial controls, and safe cash handling procedures.

The Cash Handling Policy includes the following key sections:

Scope and Applicability - the policy applies to all employees who handle cash on behalf of Middlesbrough Council. The objective of the policy is to set out the best practices for cash management to ensure efficiency robust control to safeguard the Council's cash and reduce risk to staff and reduce human error.

General Principles - the purpose of the policy is to set out the requirements for robust and secure arrangements for the handling of cash. Effective cash management is important for financial governance and control to mitigate the financial risk to the Council and employees responsible for handling cash.

Separation of duties - separation of duties is a fundamental internal control and forms a key element of effective risk management procedures. It allows the responsibility for key business processes to be shared by distributing functions in a controlled way to multiple people, helping to reduce the risk of possible errors. It mitigates the risk of loss from fraud for the Council and aims to protect employees from fraud and the risk of accusation of fraud.

Cash Disbursement & Collections – this section sets out the rules in relation to the secure storage of cash and its safe and prompt transportation and deposit completely and accurately at the Council's bank. It includes the measures that must be taken when transporting cash to ensure the risk of loss is minimised and the risk of harm to staff is reduced.

1. Purpose

1.1 To seek approval of the proposed Cash Handling Policy.

2. Recommendations

2.1 That Executive approves the proposed Cash Handling Policy as set out in Appendix 1. That authority be delegated to the Director of Finance and the Executive Member for Finance and Governance to approve any future minor revisions/modifications to the policy.

3. Rationale for the recommended decision(s)

- 3.1 The objective of the policy is to set out the best practices for cash management at Middlesbrough Council to ensure efficiency, robust control and reduce risk of fraud, theft, and error.
- 3.2 The policy seeks to ensure that all Directors confirm that their teams are fully aware of the requirements of this policy and certify that all their staff are, in all instances, actively complying with the protocols within it.
- 3.3 The policy applies to all employees who handle cash on behalf of Middlesbrough Council. This includes but is not limited to Middlesbrough Council's employees, contractors, interim staff, agency staff, and other workers with access to handle Middlesbrough Council's cash as part of their duties.
- 3.4 The policy reinforces the provisions of financial procedure rules, that all staff have a responsibility to safeguard the Council's assets and protect them from loss or misappropriation. The policy provides the rules that they must comply with to minimise any risks associated with financial loss and personal safety.
- 3.5 The policy seeks to protect the Council and its employees and identifies the need to consider risk of losses and address the recording and management of this risk within each Directorate's risk register. Risk assessments are recommended in the policy and must be undertaken for all staff involved in cash handling.
- 3.6 To help prevent the loss or misappropriation of cash, it is important that staff have a clear understanding of their own responsibilities, and the need for clear separation of duties in relation to handling and management of cash so that the risk of loss through fraud and error is minimised and that staff are protected from the risk of accusation of fraud.

4. Background and relevant information

- 4.1 All officers have an obligation to comply with the financial procedure rules and these should be read in conjunction with this policy.
- 4.2 Following a review and subsequent closure of the cash office, it became apparent that the Council does not have a specific Cash Handling Policy. There are several cash handling procedures across the Council but no consolidated approved policy in place.
- 4.3 Ensuring that a cash handling policy is in place is a critical component of maintaining financial security. A clear and well-structured policy is essential to ensure consistency and accuracy of transactions, as well as to minimise any potential errors or discrepancies.
- 4.4 A robust policy will help to minimise the risk of loss through fraud, theft and/or error and ensures that all transactions are conducted in a transparent, controlled and efficient manner, which safeguards the Council's cash and those designated officers who handle cash.
- 4.5 The policy attached at Appendix 1, establishes clear guidelines for employees to follow and provides a comprehensive set of rules that officers must comply with.
- 4.6 The policy also provides key consideration to the separation of duties between different roles within the cash handling process to protect employees and minimise risk of loss.

5. Other potential alternative(s) and why these have not been recommended

5.1 The alternative is not to approve the policy and leave existing procedures in place with individual teams following their own procedure notes. However, the current practices are not consolidated nor consistent and therefore exposes the Council to increased risk of financial loss, and its employees at increased risk of harm and allegations of financial irregularities or even suspicion of theft or fraud.

6. Impact(s) of the recommended decision(s)

6.1 *Financial (including procurement and Social Value)*

There are no direct financial implications arising from the implementation of the policy. The implementation of and compliance with the policy will reduce the risk of financial loss including fraud, theft and errors associated with the handling of cash.

6.2 *Legal*

There are no legal implications.

6.3 *Risk*

The implementation of the policy sets out the requirements for robust and secure arrangements for the handling of cash. Effective cash management is important for financial governance and mitigating the financial risk to the Council and the safety of employees responsible for handling cash.

6.4 The policy requires assessment of the risk of any loss and where appropriate, to be added to each Directorate's risk register. Risk assessments are required for all staff involved in cash handling. Directors must ensure that risk assessments are completed, and these will be reviewed by the Head of Finance and Investments annually.

6.5 The policy sets out the control framework within which internal controls such as separation of duties and mandatory documentation establish effective financial administration and risk management procedures. It allows the responsibility for key business processes to be shared by distributing functions in a controlled way to multiple people, helping to reduce the risk of possible errors and fraud.

6.6 *Human Rights, Public Sector Equality Duty and Community Cohesion*

6.7 A Level 1 impact assessment has been undertaken (Appendix 2). There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law.

6.8 *Climate Change / Environmental*

6.9 There are no disproportionate adverse impacts on the aspirations of the Council to achieve net zero, net carbon neutral or be the lead authority on environmental issues.

6.10 Children and Young People Cared for by the Authority and Care Leavers

6.11 The policy is aimed at officers who handle the Council's cash and does not impact on cared for children or care leavers.

6.12 Data Protection

6.13 The collation and use of any personal data will be managed in accordance with the Council's Data Protection policy.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Publish the policy on Council's website, distribute to relevant staff, and provide training as required.	Justin Weston	On approval

Appendices

1	Cash Handling Policy
2	Impact Assessment Level 1

Background papers

Body	Report title	Date

Contact: Justin Weston

Email: Justin_weston@middlesbrough.gov.uk