

RELATED PARTY TRANSACTIONS

Scenario 1: General Related Party Transactions

1. **Invoice received** → Sent to Clerk for review and accuracy check
2. **Clerk approval** → Clerk signs off the invoice
3. **Payment schedule** → Invoice is added to the payment schedule
4. **Council approval** → In addition to council approval, Chair / Vice Chair / Finance Chair checks and signs off
5. **BACS run** → payment authorised by a bank signatory who has not signed off at stage 4.
6. **Third-party sign-off** → a member who has not signed off at stage 4 or 5 after payment has been made carries out a non-signatory third-party check.
7. **Record-keeping** → Copy retained in the Internal Audit file

Scenario 2: Related Party Transaction Involving the Clerk

1. **Line Manager approval** → Clerk's Line Manager signs off
2. **Payment schedule** → Timesheet is added to the payment schedule
3. **Council approval** → In addition to council approval, Chair / Vice Chair / Finance Chair checks and signs off
4. **BACS run** → payment authorised by bank signatory who has not signed off at stage 4.
5. **Third-party sign-off** → a member who has not signed off at stage 4 or 5 after payment has been made carries out a non-signatory third-party check.
6. **Record-keeping** → Copy retained in the Internal Audit file

Docs retained in IA file:

1. Copy of invoice/timesheet with correct signatories
2. Copy of signed payment schedule, with Minute ref of approval.
3. Copy of bank BACS run showing approval by none of the other signatories
4. Copy of bank statement showing 3rd party check by independent non-signatory councillor