

FIRSDOWN PARISH COUNCIL

System of Internal Control

(Incorporating internal financial and accounting procedures)

1. Appointment of the Proper Officer

- 1.1 The Clerk to the Council is also appointed as the Proper Officer for the several purposes as defined in the Local Government Act 1972 and is also appointed as the Council's Responsible Financial Officer (RFO).

2. Governance Arrangements

- 2.1 The Council is the sovereign body for dealing with the consideration and approval of all financial matters. Subject to that, the Council will make and keep under review Financial Regulations and may include within its Standing Orders particular provisions relating to contracts. The Council's System of Internal Control is ancillary to and underpins Financial Regulations and Standing Orders.
- 2.2 Under approved delegation arrangements, the Clerk is responsible for the day-to-day management of all land and property under the Council's control.
- 2.3 The Council will appoint a Finance sub-committee of three its members plus the Clerk for the purposes of reviewing and reporting to the Council on estimates and budgetary control. The Committee may also be asked to keep under review and report on the Council's system of internal controls.
- 2.4 The Council is required to appoint an independent Internal Auditor. An annual work programme for the Internal Auditor will be agreed by the Council, and the Internal Auditor will provide a certificate to be submitted with the Statement of Accounts and Annual Return as part of the annual external Audit of Accounts.

3. Financial and Accounting Procedures

The following principles shall be observed in connection with accounting duties:

- (a) *The duty of providing information, calculating, checking, and recording sums due to, or from, the Council should be separated as completely as possible from the duty of collecting or dispersing them.*

(b) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.

3.1 Cheque Signatories

3.1.1 Financial Regulations require that any two Members' signatures are required on cheques issued on or BACS payments made from the Parish Council's accounts. Members will be asked to provide specimen signatures on a formal list to be held as a Parish Council record and also if required by the Parish Council's bankers.

3.2 Invoicing

3.2.1 The Chairman shall undertake the periodic checking of the accuracy of invoices prepared by the Clerk.

3.2.2. All invoices shall bear reference to payment terms of 30 days.

3.3 Cash and Cheque Handling/Security

3.3.1 The Clerk will receive payments either in person at the council office or through the post. No person other than the Clerk is authorised to receive cash from hirers. Upon the receipt of cash in person, a receipt will be issued. All cash and cheques shall be kept safely in a locked container and shall be banked periodically (at least once a week) by the Clerk. The credit/paying in book will be completed with brief details regarding the payee and purpose of the funds.

3.4 Salaries and other Staff Payments

3.4.1 The Clerk's salary and other staff payments shall be made normally on the 25th of each month, but certainly no later than the last day of each month (by either cheque or BACS). Payments shall be paid based on information agreed and reviewed from time to time by the Parish Council. This information will confirm the actual amount of the salary to be paid rather than left to interpretation or related to percentage increases. Supplementary payments for additional duties beyond the core duties of administration shall be made based on weekly schedules prepared and endorsed by the Chairman. Any timesheets requested of staff shall be countersigned by the Chairman.

3.4.2 The P11 deduction working sheet shall be checked periodically (every 6 months) by the Chairman, and the end of year Form P35 shall be approved by a Councillor, normally the Chairman or Vice-Chairman, prior to its being filed on line.

3.5 Budgetary Control

- 3.5.1 The Clerk (RFO) will ensure that all accounts certified for payment are endorsed with the correct expenditure code, and that this information appears on both the agenda for (payments schedule) and Minutes of meetings where payment of accounts are approved.
- 3.5.2 The Clerk will provide a Budget Monitoring statement for circulation at each Council meeting. Further updated statements may from time to time be requested for consideration at a Budget Committee meeting for monitoring budgetary control and preparing estimates. The statement of accounts will be accompanied by commitment sheets for each budget head showing the true amount available (or overspent as the case may be).
- 3.5.3 The Clerk (RFO) will, on a quarterly basis provide to the Council reconciliation statements of the Parish Council's accounts taken from the information contained in the cash book, supplemented by actual extracts from the cash book together with copies of the relevant bank statements. This information will be passed for independent verification by either a Member of the Parish Council or the Internal Auditor, in respect of the year -end figures, who will confirm such verification to the Parish Council.
- 3.5.4 The Finance Committee as constituted by the Parish Council will meet in November and December for the purposes of budgetary control review and the preparation of estimates for presentation to the December Parish Council meeting. At that meeting, the Parish Council will approve such estimates, and determine its budget requirement and consequent precept for the next financial year.
- 3.5.5 At or around the end of a financial year, it must be made clear to the Parish Council in which financial year an account falls due. This will be made clear on the agenda (payments schedule), endorsed on the account itself, and confirmed in the relevant Minute.

3.6 Procurement

- 3.6.1 Financial Regulations require that for contracts of a value exceeding £20,000, tenders from at least three firms must be invited. For expenditures of £20,000 or less, and unless the Council directs other wise, three quotations are required. Where the value is below £1000 but above £100, the Clerk shall strive to obtain three estimates. Subject to those considerations, the Parish Council agrees that for any work, goods or services up to a value of £1000.00, the Clerk in consultation with the Chairman of the Council, shall have executive power. Even though

competitive tendering would not be required, the obtaining of alternative quotations may remain desirable. In some cases however, alternative prices or estimates may be pursued and compared before an official order is placed.

- 3.7.3 The Clerk may incur expenditure on behalf of the Council which is necessary for the purposes of any repair, replacement or other work of an **urgent** nature, whether or not budgetary provision exists for such expenditure, up to a limit of £750.00 The Clerk shall report the action to the Council at the next available meeting.

4.0 Asset Management

- 4.1 The Council's Asset Register is **attached as Appendix 2.**

5.0 Risk Management

- 5.1 The Council's base Risk Assessment of its land and property, **are attached as Appendix 3.**

6.0 Reviewing the effectiveness of the System of Internal Control

- 6.1 The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. This role will be initiated by the Council and incorporated within the annual work programme of the Council's Internal Auditor. The findings of the annual review shall be reported to and considered by the Council.

Adopted May 2018
Reviewed May 2023
Reviewed May 2024
Reviewed May 2025

APPENDIX 1
Core Duties – Clerk (Financial Services)

Monthly

Raise cheques/BACS payments and enter in cash book
Complete payslips and all Inland Revenue forms allowing for National Insurance and Income Tax
Prepare schedule of accounts for payment for the Council.
Update all transactions on accounts software and backup.

Quarterly

Reconcile cash book to bank statements and copy evidence to the Chairman of the Council for independent checking
Complete PAYE and send with cheque to Revenue and Customs
Brief Internal Auditor as required

Annually

Complete all year end accounts:
Income and expenditure
Balance sheet
List of debtors and creditors
List of section 137 payments
Any additional information required for Annual Return
Complete year end PAYE:
Complete P14s and issue P60s to all staff
Complete P35 Employer's Annual Return and send to Revenue and Customs

Attend meetings as required by Internal and External Auditor.