

# **CADEBY PARISH COUNCIL.**

## **INTERNAL CONTROLS POLICY DOCUMENT.**

## INTERNAL CONTROL POLICY – INDEX.

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**INTRODUCTION.**

The Responsible Finance Clerk(RFO) has the responsibility for regulating and controlling the finances of the Parish Council. These Internal Controls represent the working arrangements established by the RFO for conducting the Parish Council's financial transactions.

The Internal Control Policy should be read in conjunction with Standing Orders and Financial Regulations. It is not intended to replace the principles outlined in the existing Financial Regulations.

## **1. FINANCIAL ADMINISTRATION.**

The Parish Clerk will, for the purposes of Section 151 of the Local Government Act 1972, be the Responsible Finance Officer (RFO) for the proper administration of the Parish Council's financial affairs.

The Parish Clerk will submit the final accounts and balance sheets of funds for adoption by the Parish Council as soon as possible after the end of the financial year and to comply with any statutory requirements.

The Parish Clerk will ensure that best value is pursued in the delivery of all services and shall continuously seek improvement in the quality, efficiency and effectiveness of services.

## **2. THE BUDGETARY SYSTEM.**

### **2.1. Authority to Incur Expenditure.**

For revenue budgets, provided that the Standing Orders relating to contracts have been complied with and subject to any specific exclusions, the inclusion of any item in the approved revenue budget other than a contingency provision, will constitute authority to incur expenditure provided the Full Council and/or appropriate committee has first endorsed and approved such expenditure.

Any proposal which involves the adoption of a new policy or the variation or extension of existing policy which affects the Parish Council's finances will be submitted initially to the Full Council for consideration and subsequent approval by Full Council. The proposal will include a comprehensive report justifying the project, outline any revenue and capital implications and include the comments of the Parish Clerk in his/her capacity as RFO.

The Parish Clerk will have the authority, without recourse, to incur expenditure of up to £500 for routine administration of the Parish Council.

#### **2.1.1. Budgetary Control.**

Allocated budgets will be cash limited, with budgetary monitoring undertaken by the RFO under the overall guidance of the Council. The RFO will report budgetary performance to the Council on a quarterly basis.

## **3. ORDERS FOR WORK, GOODS AND SERVICES.**

### **3.1. Compliance with Standing Orders**

Orders will be placed in accordance with applicable Standing Orders covering the invitation of tenders and quotations following approval of the council.

### **3.2. Written Orders.**

Orders and copy orders will be completed in sufficient detail to identify accurately the materials, work or service required and will specify where applicable the quotation, contract or other agreement and the price agreed.

**3.3. Certification of Orders.**

All orders will be signed by the Parish Clerk.

**3.4. Retention of Orders.**

A copy of the signed official order along with any applicable documentation to justify the purchase will be retained for a period of 6 years + current year. Both manual and electronic records should be kept.

**3.5. Verbal Orders.**

In cases where goods, materials, works or services are required urgently then the order may be placed verbally. All such orders must then, however, be confirmed within five working days with a written order clearly marked "confirmation".

**4. PAYMENT OF ACCOUNTS.**

**4.1. Method.**

The method of payment will be by cheque or other instrument drawn on the Parish Council's account.

**4.2. Responsible Officer.**

All payments made on behalf of the Parish Council will be made by the RFO.

The Parish Clerk/RFO should ensure that where appropriate, adequate supporting documentation is retained with the order/invoice in order to provide a satisfactory audit trail to justify the reason for the payment. Payments will only be made after being laid before the Parish Council for approval.

**4.3. Certification for Payment.**

Payments will only be made on proper tax invoices (when applicable), which display the word "invoice" and the VAT registration number. Any payments made on pro forma invoices must be followed up by the issue of a proper tax invoice. Emailed invoices are acceptable, but must be retained as original documentation.

In certifying a payment the Parish Clerk/RFO will be satisfied that:

- the works, goods or services to which the account relates have been carried out, received, examined and approved, are fit for the purpose and where appropriate comply with predetermined standards;
- the relevant Standing Orders have been complied with;
- the relevant expenditure has been properly ordered, authorised or incurred;
- the invoices correspond to delivery notes/goods received notes where appropriate, are arithmetically correct and discounts, allowances, credits and tax are correct;
- an appropriate entry is made on the hard copy order to prevent possible future duplicate payments;
- the account has not previously been passed for payment;
- appropriate entries have been made in the asset register.

## **5.0. TRAVELLING AND SUBSISTENCE.**

### **5.1. Certification**

All travelling and subsistence claims will be signed by the Parish Clerk. The certifying officer should satisfy themselves that travelling and subsistence claims relate to journeys made and expenses properly and reasonably incurred whilst carrying out official duties.

## **6.0. SALARIES AND WAGES.**

### **6.1. Responsible Office**

The preparation of all salaries, wages and allowances properly payable by the Parish Council to its employees will be contracted out.

### **6.2. New Appointments.**

Appointments of all employees will be made in accordance with the regulations of the Parish Council and the approved establishment, grades and rates of pay, and within any statutory requirements.

## **7.0. INCOME.**

### **7.1. Responsible Officer.**

The Parish Clerk/RFO will be responsible for maintaining prompt and proper arrangements for the collection, custody, control, disposal and accounting of all cash and remittances due to the Parish Council.

### **7.2. Paying In**

All money received by an officer on behalf of the Parish Council will without delay be recorded as received. All cheques and cash received shall be banked as soon as practicable.

### **7.3. Official Receipts.**

All official receipts, forms, tickets, vouchers and similar documents will be stored in a controlled environment. No receipt given by an officer for money received will be in a form other than an official receipt.

### **7.4. Write Offs.**

It will be the responsibility of the RFO to promptly notify the Full Council of the need to write off any debt, giving details of the steps taken to recover the debt and valid reasons for the write off.

## **8. BANKING AND PAYMENTS.**

### **8.1 Responsible Officer.**

The RFO will carry out the Parish Council's banking transactions and will be responsible for the authorised operation of all bank accounts, bank transfers and the issue of all payments on behalf of the Parish Council, all income to be banked on a regular basis and all records kept.

### **8.2. Order and Custody of Cheques.**

Cheques will only be ordered on the authority of the RFO.

Any necessary replacement cheques shall not be drawn until confirmation has been received from the Parish Council's bank that the original cheque has been "stopped".

### **8.3 Signatures.**

All payments drawn on the bank accounts of the Parish Council will be signed by two of those Councillors who are authorised to do so under the bank mandate at that time. The RFO is also one of the signatories.

### **8.4. Bank Reconciliation.**

The cash book will be reconciled to the bank statements monthly.

## **9.0. INTERNAL AUDIT.**

### **9.1. Responsible Officer.**

The statutory requirement for internal audit in local government is prescribed within the Audit Commission Act 1998 and by the Accounts and Audit Regulations 2011. The responsibility for maintaining an adequate and effective system of internal audit rests with the relevant body i.e. the Parish Council.

The Parish Council will appoint an independent Internal Auditor to carry out examination of the accounting, financial and other operations in so far as they have financial effects on the Parish Council.

### **9.2. Rights of Access.**

The Parish Council will allow the Internal Auditor:-

- to have access to any record, document, contract or correspondence relating to the affairs of the Parish Council, including those stored by mechanical, electric or electronic means;
- to possess or take copies of any record, document or correspondence;
- to require such explanations as are necessary from any Parish Council officer concerning any matter under examination;
- to require any employee of the Parish Council to produce any Parish Council property under his/her control.

### **9.3. Fraud and Irregularity.**

Any officer who suspects that an irregularity is being or has been perpetrated concerning the Parish Council's affairs shall immediately inform the RFO will take whatever steps are necessary by way of investigation and report.

Where criminal proceedings might be necessary the RFO in consultation with the Chairman of the Parish Council will be responsible for deciding whether to refer to a matter to the Police. If it is the Parish Clerk that is under investigation then the Chairman will make the decision as to referral to the Police. A full report will be made to the Full Council, at the earliest time.

## **10. ASSET REGISTER.**

### **10.1. Responsible Officer.**

The Parish Clerk will maintain an inventory (asset register) for insurance and audit purposes.

### **10.2. Form and Control.**

The Parish Clerk will be responsible for ensuring that inventories are continuously updated, and that appropriate action is taken on the discovery of deficiencies and surpluses.

### **10.3. Write Offs.**

Unserviceable inventory items of little value and items past their useful life will be written off.

### **10.4. Acquisitions.**

Any acquisition of property by the Parish Council will comply with relevant legislation and current guidelines reflecting best practice.

Acquisition of any property will be authorised by a prior resolution of the Full Council.

### **10.5. Disposals.**

Any disposals of Parish Council property will comply with relevant legislation and current guidelines reflecting best practice. In particular the Local Government Act 1972 s123 requires that disposals will be for the best consideration that can reasonably be obtained. Disposal of any Parish Council property will require the approval of the Full Council.

## **11.0 INSURANCE.**

### **11.1. Responsible Officer.**

The Parish Clerk will procure all necessary insurances for the Parish Council in accordance with agreed policy. A record of all properties and risks covered will be kept, and a review will take place at least annually to ensure that all the insurances remain adequate and that all appropriate insurances are in place.

### **11.2.Claims.**

The Parish Clerk will be responsible for details with all claims against or on behalf of the Parish Council.

The Parish Clerk will notify the Chairman immediately in writing of any loss, liability of damage or any other event likely to lead to a claim, and will provide full supplementary information relating to the claim. Where necessary the Parish Clerk will inform the police.

### **11.3.Cover & Risk Management.**

The Parish Clerk will immediately inform the Chairman, in writing, of all new risks and any material alterations to existing risks.

A Financial Risk Management Register shall be maintained and reviewed annually by the Full Council.

## **12.0. MANAGEMENT OF INFORMATION.**

### **12.1 Responsible Officer.**

The Parish Clerk will be responsible for maintaining proper security and privacy of all information under his/her control including that held in computerised files. Consideration will be given at all times to the proper use of passwords to prevent unauthorised access to systems.

### **12.2 Data Protection.**

The Parish Clerk will be nominated as Data Protection Officer and will be responsible for ensuring that the Parish Council acts in accordance with the provisions of the Data Protection legislation.

### **12.3 Retention of Documents.**

The Parish Clerk will make arrangements for retaining official documents for the periods as listed in the Records Management Policy document.

All documents deemed for disposal shall be shredded or disposed of in an appropriate manner so as to ensure confidentiality as required.