

# NEW BUCKENHAM PARISH COUNCIL

## FINANCIAL CONTROLS

ADOPTED BY THE FULL COUNCIL ON 8<sup>th</sup> September 2015

### 1. General

- 1.1 The Accounts and Audit Regulations 2003, Regulation 6, state that a Council shall be responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.
- 1.2 The Council has adopted Financial Standing Orders, based on the model version prepared by NALC/SLCC.
- 1.3 The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. Under Section 151, Local Government act 1972, the Council has the responsibility to appoint a Responsible Financial Officer (RFO); the Council has appointed the Clerk to carry out the role of RFO. The RFO is responsible for administering the Council's finances and the day to day compliance with laws and regulations as well as managing risks.
- 1.4 Under Financial Standing Order 4.1 the RFO is charged with drawing up detailed arrangements in respect of the following:
  - (i.) The keeping of accounting records and systems of internal controls;
  - (ii.) The assessment and management of financial risks faced by the Council;
  - (iii.) The work of the independent internal auditor in accordance with proper practices and the receipt of regular reports from the internal auditor, which shall be required at least annually.
- 1.5 The duties of the Clerk/RFO are laid down in a Job Description.

### 2. Accounting Records

- 2.1 The Council's accounts will be kept on a receipts and payments basis.
- 2.2 The Council's accounting records may be maintained in an analysed Cash Book, a computer spreadsheet program or a computer software accounts' program approved by the Council.
- 2.3 The accounting records will be maintained up-to-date from original documents (cash received, invoices, payments made (standing orders and direct debits) and cheques as they are prepared.
- 2.4 The accounting records will be checked against the bank statements each month.
- 2.5 The RFO will retain an external record of computerised financial records, preferably on a USB stick.
- 2.6 The accounting records, payments and receipts, and bank reconciliation will be reviewed and approved by a Member of the Council nominated as internal control biannually.
- 2.7 The RFO will retain all relevant documents relating to each financial year for 6 years (Annual Return; VAT Return; PAYE/NIC information; Public Notices; Fixed Asset Register; Risk Assessments; accounts and supporting information).

### 3. Vat Repayment Claims

- 3.1 The RFO ensures that all invoices are addressed to the Council.

- 3.2 The RFO ensures that proper VAT invoices are received where VAT is payable.
- 3.3 The RFO maintains a VAT account within the accounts records to ensure that the correct amount of VAT is reclaimed in the year.
- 3.4 The RFO will submit the VAT repayment claim annually and by 31<sup>st</sup> May in each year at the latest.

#### **4. Income Controls**

- 4.1 The RFO ensures that the amount of the Precept received is correct and in accordance with the precept request sent to the District Council.
- 4.2 The RFO ensures that the precept instalments are received when due.
- 4.3 The RFO ensures that other receipts are received when due and correctly calculated.
- 4.4 The RFO ensures that receipts are issued for cash received and a copy kept.
- 4.5 The RFO ensures that income is banked promptly in accordance with Financial Standing Order 10.5.

#### **5. Payroll Controls**

- 5.1 The Clerk is paid under PAYE as an employee and the necessary system for HMRC RTI is in place.
- 5.2 The Clerk's salary is set by the Council and details include in the Minutes of the Council.
- 5.3 The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

#### **6. Office and Clerk's Expenses**

- 6.1 The Clerk submits a request for the reimbursement of monies owing in advance of each Council Meeting.
- 6.2 The expenses cover a contribution towards the cost of maintaining an office at the Clerk's home and any out of pocket expenses as well as motoring expenses, as laid down by joint SLCC/NALC guidelines.
- 6.3 The reimbursement of expenses is paid in accordance with Financial Standing Order 8.2.
- 6.4 The expense sheet is treated as an invoice for accounting purposes.

#### **7. Asset Control**

- 7.1 The RFO maintains an Asset Register and updates it when necessary.
- 7.2 The existence and condition of assets is checked on a six monthly basis by a member of the Council in accordance with the list of Councillor Responsibilities agreed at the Annual Meeting of the Council.

7.3 The adequacy of the insurance of the Council's assets will be considered annually in advance of the insurance renewal.

*See also Financial Standing Orders 17.1 and 17.2.*

## **8. Financial Reporting**

*See Financial Standing Orders 2 and 3.*

## **9. Order/Tender Controls**

*See Financial Standing Orders 12, 13, and 14.*

## **10. Payment Controls**

10.1 The RFO will sign each invoice to indicate that the supply has been received and that the supply has not previously been paid and that the invoice calculations are correct.

10.2 The original invoices will be available to the Councillors signing the cheques.

10.3 Payments by cheque will be listed in cheque number order in the accounting records.

10.4 Each payment will carry a sequential folio (transaction) number which is noted in the accounting records and matched to the payment invoice and the corresponding transaction on the bank statement.

10.5 All invoices for payment are listed on a schedule attached to the meeting agenda where the expenditure is to be authorised for payment.

10.6 Payments are listed in the minutes of the meeting at which they were authorised.

10.7 The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council Meetings and the RFO is not a signatory to the Council's bank accounts.

10.8 The signing of cheques is in accordance with Financial Standing Order 6.4 and 6.5.

10.9 The RFO is authorised to transfer funds from one account to another, but not to make third party payments outside of the bank accounts in any form.

10.10 The minute number of the minute authorising bank payments or cheques is detailed on each invoice.

## **11. Audit**

11.1 The internal audit will be carried out by an Independent Internal Auditor who will report to the Council on the adequacy of its records, procedures, systems, internal controls, regulations, risk management reviews.

*See also Financial Standing Order 5.5.*

11.2 The external audit is carried out by an external auditor appointed by the Audit Commission, this will continue up to and including the financial year 2016/17, currently Mazars. From 2017/18 onwards the external audit will be carried out by an auditor appointed by Public Sector Audit Appointments Limited.

*See also Financial Standing Orders 5.2 and 5.3.*

11.2 The Clerk will report the finding of internal and external auditors so that any appropriate actions can be taken.

## **12. Risk Management**

12.1 The Clerk will ensure that at least once per annum the Council will carry out an assessment of risks and take the appropriate action to manage them; this will be minuted.

## **13. Review of Financial Control and Regulations**

13.1 The Clerk will ensure that these Financial Controls are reviewed annually for effectiveness and compliance with current legislation and accountancy practice for local authorities.