

# HARLTON PARISH COUNCIL

## Internal Financial Controls

May 2021

### **Responsible Financial Officer:**

Unless otherwise provided, the clerk to the Council will hold the position of responsible financial officer (RFO) and this appointment will be ratified during the first meeting of each newly elected council. Among other specified duties, the RFO will maintain the financial records of the parish council and prepare the annual figures for audit.

### **Internal auditor:**

The council will appoint an independent internal auditor to carry out tests on the system of internal control and report any findings to the Council. The internal auditor will be required to express an opinion to the external auditors as to whether the system of controls is adequate and effective.

### **System of Internal Control:**

The Council is obliged to review the effectiveness of its system of Internal Control on an annual basis and to discuss and minute its findings, taking action where appropriate. Any apparent conflict between the internal controls and Financial Regulations (FR), the FR will take president.

### **Supplier quotations:**

Written quotations will be sought for all works and services above £100, except in extreme risk or where work/ services is deemed critical. Where possible, all expenditure between £1,500 and £25,000 should be subject to quotations from at least three appropriate suppliers. All matters being comparable, the council should select the best value that for the quotation provides for (expenditure/ services).

An explanation note should be placed on file if unable to comply with any of above.

Where it is intended to enter into a contract exceeding £25,000 in value for goods and services, the Public Contracts Regulations 2015 apply.

### **Banking arrangements and authorisation of online payments:**

Elected councillors will be appointed signatories to the parish council bank accounts by a formal resolution of the Council. The bank mandate will require that any two together of the councillors must authorise all cheque or bank transfer payments from the bank accounts. The RFO/Clerk will prepare a schedule of payments requiring authorisation, and present for signature, forming part of the Agenda for the Council Meeting, together with the relevant invoices. Payment approval will be noted in the minutes. The Clerk will send the invoice with supplier account details electronically to the authorising signatories to generate the BACs online payment. A copy of the BACS transaction will be provided to the Clerk for the payment file.

In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council, subject to a limit of £500 and report any such action to the Chairman and to the Council as soon as possible and practicable.

Any payments /signatures, obtained outside a meeting to meet supplier terms and conditions for expenditure that has been approved in the budget or for work /services carried out as per approved quotation, must include that of the Chairman and reported to the council at the next convenient meeting. The invoice payment should be included in the record of Council proceedings.

The Council is to appoint a councillor to be responsible for the maintenance of payments that are made by direct debit or standing order. The RFO is to be notified whenever any transaction is made and to check the effect against the subsequent bank statement.

The Clerk/ RFO will bring the bank statements to each meeting for review.

All incoming cheques will be banked promptly upon receipt. All cash receipts must be counted by at least two persons together and a record kept and initialled by both counters. Any cash should be promptly banked and reconciliation should be made between the bank statement and the initialled record.

**Bank Statements:**

Reconciliations between the cash book and bank statements should be carried out regularly during the course of the year.

**Value Added Tax:**

The RFO will be responsible for calculating and claiming recoverable VAT from the Customs and Excise.

**PAYE & NI:**

The RFO should ensure that statutory deductions from remuneration payments are calculated and remitted to the appropriate authority.

**Remuneration:**

The salary payable to the Clerk of the Council will be agreed annually by the councillors and minuted accordingly.

**Retention of records:**

The RFO is required to retain all financial records including invoices, books, of account and supporting documentation for at least six years before these may be disposed.