

# Measham Parish Council

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## **1 Introduction**

Full council has the responsibility for regulating and controlling the finances of the Council. These Internal Controls represent the working arrangements established by the council for conducting the 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.

## **2 Financial administration**

The 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 Council's financial affairs.

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

The 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.

## **3 The budgetary system**

### **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 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 Council's finances will be submitted to the Council for consideration and subsequent approval. The proposal will include a comprehensive report justifying the project, outline any revenue and capital implications and include the comments of the Clerk in her capacity as RFO.

The Clerk will have the authority, without recourse, to incur expenditure on items of up to £500.00 for routine administration and maintenance of the Council.

### **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 as a minimum on a quarterly basis.

**Virements**

Virements will be allowed in specific cases provided approval is given by the council.

**4 Orders for work, goods and services****Compliance with Standing Orders**

Orders will only be for Council related work goods and services and will be placed in accordance with applicable Standing Orders covering the invitation of tenders and quotations following approval of the appropriate committee.

**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.

**Certification of Orders**

All orders will be signed by the Clerk.

**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.

**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".

**5 Payment of accounts****Method**

The method of payment will be by cheque, bank transfer of Equals card or other instrument drawn on the Council's account.

**Responsible Officer.**

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

The Clerk 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 Council for approval.

### **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 Clerk 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.

## **6 Travelling and subsistence**

### **Certification**

All travelling and subsistence claims will be signed by the 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.

## **7 Petty cash**

### **Operation**

The Council does not operate a petty cash system.

## **8 Salaries and wages**

### **Responsible Officer**

The Clerk will make arrangements to pay all salaries, wages and allowances properly payable by the Council to its employees.

The Clerk will notify the Council immediately of all matters affecting the payment of salaries, wages, and emoluments.

### **New Appointments**

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

### **Certification**

The Clerk will sign all timesheets the chair or vice chair will sign the Clerk's timesheet.

## **9 Contracts for building, constructional or engineering work**

### **Compliance with Standing Orders**

All contracts relating to building, constructional or engineering work made by the Council or on its behalf will comply with the Council's Standing Orders/Financial Regulations relating to contracts. Wherever possible, a contingency sum shall be included within the relevant contract to a maximum of 3% of the estimated costs of the works.

### **Variations**

Contract variations will be authorised by the appropriate Committee. A note of the financial effects of any variation must be recorded with the contract documentation either before or immediately after the issuing of the instruction.

### **Reporting of Excess Costs**

If during the course of any contract there are indications that costs are likely to exceed the approved contract sum and the contingency a full report will be made to the next Council Meeting.

## **10 Income**

### **Responsible Officer**

The Clerk 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 Council.

### **Paying In**

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

### **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.

### **Cashing Cheques**

No personal cheques will be cashed out of money held on behalf of the Council. No third-party cheques will be accepted by officers for the payment of any debt.

### **Write Offs**

It will be the responsibility of the RFO to promptly notify the 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.

## **11 Banking and cheques**

### **Responsible Officer**

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

### **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 Council's bank that the original cheque has been "stopped".

### **Signatures**

All cheques drawn on the bank accounts of the 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.

### **Bank Reconciliation**

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

## **12 Internal audit**

### **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 Council.

The 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 Council.

### **Rights of Access**

The Council will allow the Internal Auditor: -

- to enter any land, building, vehicle, or plant owned or used by the Council.
- to have access to any record, document, contract, or correspondence relating to the affairs of the 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 Council officer concerning any matter under examination.
- to require any employee of the Council to produce cash, stores, or any other Council property under his/her control.

### **Fraud and Irregularity**

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

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

## **13 Asset register**

### **Responsible Officer**

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

### **Form and Control**

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

### **Write Offs**

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

### **Removal of Property**

The Council's property will not be removed other than in accordance with the ordinary course of the Council's purposes except in accordance with specific directions issued by the Clerk.

## **14 Land holdings**

### **Responsible Officer**

The Clerk will maintain a record of all land and properties owned by the Council in accordance with current accounting requirements.

### **Records**

The property record will contain the following details: -

- purpose for which held
- location
- extent and plan reference
- purchase details, including date of acquisition
- rents receivable/payable and rent review dates

- reference to easements in deeds
- other incumbrances e.g. repairing and insuring obligations

### **Security**

The Clerk will have the custody of all title deeds under secure arrangements and will keep a record of all deeds temporarily removed.

### **Acquisitions**

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

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

### **Disposals**

Any disposals of Council land or 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 Council land or property will require the prior approval of the Full Council, who will consider a report by the Clerk which will include the financial, legal, and other consequences of the proposed disposal.

Terms shall not be finalised without the benefit of a current valuation from a qualified valuer with appropriate expertise. This is particularly important where negotiations are conducted with a single purchaser.

Disposals with a value exceeding £15,000.00 will be subject to the invitation of competitive bids. The land/property will be advertised on a scale and in locations calculated to reach the relevant sectors of the property market. Where land is to be disposed of by: -

- auction – it should be subject to a reserve price not less than the valuer's current valuation.
- public tender or sealed offers - Standing Orders will be applied.

Where disposals are related to land where the proposed purchaser already has an existing interest, e.g. adjacent owner, lessor, tenant etc, sale by private treaty may be applicable and use may be applicable and use may be made of estate agents appearing on an approved list.

Where an offer is accepted subject to contract and a higher offer is received before contracts are exchanged, the person who made the former offer shall be given the opportunity to increase it if it is proposed to accept the higher offer.

The progress of negotiations shall be regularly reported to the Full Council.

## **15 Insurance**

### **Responsible Officer**

The Clerk will procure all necessary insurances for the 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.

### **Claims**

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

The Clerk will notify the Council 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 Clerk will inform the police.

### **Cover & Risk Management**

The Clerk will immediately inform the Council of all new risks, properties or vehicles, and any material alterations to existing risks, properties or vehicles.

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

## **16 stocks and stores**

### **Responsible Officer**

The Clerk will be responsible for the care and physical custody of stocks and stores and for ensuring that such stocks and stores are not kept in excess of normal requirements.

### **Records**

Stocks and stores records will be kept electronically wherever possible. Manual records shall be maintained as appropriate.

### **Stocktaking**

Stocks and stores will be subject to periodic test checks by officers at least annually, to include a review of the level and condition of stock.

### **Write Offs**

Surpluses or deficiencies will be reported to the Clerk, and appropriate accounting action taken, subject to the approval of: -

- The Clerk if the item is estimated not to exceed £1,000.00.
- The Full Council if the item exceeds £1,000.00 but is not greater than £5,000.00.
- The Full Council if the item exceeds £5,000.00.

## **Surplus Stock**

The Clerk will be responsible for the disposal of surplus stocks and stores subject to the agreement of the Council. This will be by competitive tender, public auction, or such other manner, which is most beneficial to the Council.

## **17 Security**

### **Responsible Officer**

All employees will be responsible for the safe keeping and authorised use of all assets under their control.

### **Cash Holding**

Maximum limits of cash holdings will be agreed with the Council and will not be exceeded except with permission. These should be reviewed on a regular basis.

Cash should be stored in a secure place. When not in a secure place, cash and cheques should never be left unattended, (e.g. when being counted prior to banking).

Any discrepancies in the amount of cash held against records held should be brought immediately to the attention of the Clerk.

### **Keys**

Keys held by Officers to Council property will be issued by the Clerk to named individuals who will confirm receipt in a register and be responsible for their safe custody. The loss of any key will be reported to the Clerk immediately.

The Clerk will be responsible for ensuring that adequate security arrangements exist for keys to other Council owned property.

The Clerk will ensure that officers who leave the Council's employment or cease to be required to hold keys surrender their keys immediately together with any security badges or passes.

Master copies of all keys issued will be retained.

### **IT system**

Confidential programmes such as payroll should be password protected and only worked on by staff responsible for that task. Back up procedures for the Council's IT equipment will be in place and reviewed annually.

### **Breaches of Security**

Any member of staff will immediately report breaches of security to the Clerk who will, in consultation with the Chairman consider the audit and insurance implications, take appropriate action, and refer sufficiently serious cases to the police. A full report will be made to the Council at the earliest opportunity.

## **18 Management of information**

### **Responsible Officer**

The Clerk will be responsible for maintaining proper security and privacy of all information under his 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.

### **Data Protection**

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

### **Retention of Documents**

The 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.

**Reviewed May 2022**