

LEICESTER FOREST EAST PARISH COUNCIL

INTERNAL CONTROL POLICY

Cash Book/Bank Reconciliations

- The cash book is kept electronically via the Rialtas Accounts System, maintained up to date from original documents (cash received, invoices, payments (s/o) made, cheques and electronic receipts and payments).
- The cash book is reconciled to the bank statement monthly.
- Bank reconciliations and accompanying statements are presented at monthly council meetings and are approved by the Council. The reconciliations and original bank statements are then signed by two councillors.
- An excel spreadsheet is updated monthly with all payments made and received and is reconciled to the cashbook within the Rialtas Accounts System.
- The signed bank reconciliations are filed monthly.

Financial Regulations & Standing Orders

- The Parish Council has adopted Financial Regulations and Standing Orders, based on the model versions prepared by NALC/SLCC. The regulations and orders are reviewed for continued relevance at least annually and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council.

Order/Tender Controls

- The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work.
- Official order emails are sent to suppliers for services which are not regular in nature.
- A proper legal power is identified in advance of any expenditure. Currently, the Council has the General Power of Competence *per* the Localism Act 2011. This gives Council the power to spend money on anything an individual can, provided it is not prohibited by other legislation.

Payment Controls

- Depending on the nature of the supply, the RFO checks the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- Emails/letters ordering the work are matched to purchase invoices where applicable.
- Payments are listed by electronic payment reference in the cash books and in accounts files.
- The Assistant Clerk produces monthly, a list of all invoices for payment onto the order paper. This is authorised by the Clerk before being presented at the council meeting.
- The order paper listing the monthly invoices for payment along with the original invoices are presented at the Council meeting. It is minuted by council that the invoices are to be paid and the payment of each invoice is recorded on the online bank account, showing which two councillors authorised each individual payment. Therefore, councillors do not need to physically sign the invoices.
- Account details for new suppliers or changes to account details are checked directly with the supplier before payments are made via the electronic banking system.

- Electronic payments are approved by two authorised signatories on the Council's bank mandate.
- A bank account payment list along with the order paper are filed each month.
- The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings except for special circumstances whereby the Chair and Vice Chair give authority. Cheques are to be signed by two authorised councillors.
- Every payment is identified by a unique electronic payment number/unique cheque number. This number is used to identify the transaction that is referenced in the cashbook/purchase ledger. This is cross checked with the bank statements.
- All payments are published on the Council Website. Confidential payments i.e salary information are posted together as one figure.

Return of Hall Hire Deposits to Hirers

- Refundable damage deposits are taken from occasional hirers of the Parish Hall. These are returned to hirers in batches of payments, twice a month.
- The Premises officer emails the Assistant Clerk to confirm that there has been no damage/over run of hire etc and that the hirer can have their deposit back.
- The Assistant Clerk then obtains the hirers bank details for repayment. The emailed bank details of the hirers, along with a copy of the original hire paperwork and email from the Premises Officer is then signed by the Assistant Clerk and Clerk.
- Two Councillors then authorise the bank transfer payment back to the hirer.

Payments made under section 137 of the 1972 LGA ("The Free Resource")

N.B. The Council currently has the General Power of Competence under the Localism Act 2011 which means it cannot make use of powers under s. 137 of the Local Government Act 1972. However, should the Council lose its General power of Competence, the following will be applied.

- A separate s137 account is maintained
- The RFO calculates the maximum amount of s137 expenditure able to be made each year and ensures that it is not exceeded
– confirmed to the Parish Council when expenditure is considered either by reference to a specific budget for that payment or to the amount of unspent s137 money available.
- Where requests for expenditure from s137 are made this is made clear at the meeting where the payment is to be approved.
- The proper minute authorising expenditure from s137 is prepared on each occasion.

VAT Repayment Claims

- Assistant Clerk ensures that all invoices are addressed to the Parish Council.
- Assistant Clerk ensures that proper VAT invoices are received where VAT is payable.
- Assistant Clerk maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

Overtime

- If the Clerk is aware she is going to need to work overtime she will email the Chair or Vice-Chair to let them know in advance. This way Council is aware of the overtime before it is approved at the order paper.
- If the Assistant Clerk works overtime it will be authorised by the Clerk ahead of payment.

Income Controls

- RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council.
- RFO ensures that the precept instalments are received when due.
- RFO ensures that other receipts (deposit interest, hirer income, cash and cheques) are received when due and correctly calculated.
- The hirer agreement now states that 'hirers must pay in advance of hire of the hall'.
- Income is banked promptly.

Financial Reporting

- On a monthly basis financial data is processed via the Rialtas Accounts System to produce the following financial reports:
 - Purchase Daybook, Purchase Ledger Payments, Purchase Ledger Invoice Listing
 - Sales Daybook, Sales Ledger Receipts, Sales Ledger Invoice Listing
 - Trial Balance, Detailed Balance Sheet, Income & Expenditure Report
 - VAT Return
 - Purchase Ledger Aged Account Balances, Sales Ledger Aged Account Balances
- All financial reports are filed and saved electronically.
- Each month the Income & Expenditure Report is issued to all Council members and is presented and discussed at the Council Meeting either on a monthly/quarterly basis.
- The Chair of the Finance Committee reviews the financial accounts each month before the financial information is sent to all Council members.

Budgetary Controls

- The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year.
- The precept is set on the basis of the budget by the deadline set by Blaby District Council

Payroll Controls

- Staff contracts are prepared by the Clerk and agreed by the full Council and are reviewed as necessary and amended where necessary by the Clerk and approved by the Council.
- All employees are paid under PAYE as an employee and the necessary system for HMRC RTI is in place.
- All employees' salaries are set by the Council and a minute is prepared to show the agreed salary.
- Payroll information (including overtime hours and salary changes) is sent monthly by the Assistant

Clerk to a payroll outsourcing company. The payroll calculations are made by the outsourcing company and sent to the Assistant Clerk. The calculations are checked by the Assistant Clerk and by the Clerk before processing them for payment and entering the payroll information into the Rialtas Accounts System.

- The salaries are paid by electronic bank transfer.
- The Assistant Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

Office and Clerk's/Assistant Clerk's expenses

- The Clerk/Assistant Clerk submits a request for reimbursement of monies owing by way of an expense account, in advance of each meeting.
- The expenses cover any out of pocket expenses as well as motoring expenses as laid down by joint SLCC/NALC guidelines.
- The Clerk/Assistant Clerk's expenses are listed on the monthly order paper presented at the Council Meeting for authorisation of payment by two Council members.
- Expenses paid are made by electronic transfer and authorised by two Council members as stated on the bank mandate.

Security Control

- Only the Clerk and Assistant Clerk have possession of the key to open the small safe within the Parish Council Office. Within the small safe is the key to access the larger safe that holds all confidential Parish Council records.

Asset Control

- The RFO maintains a full asset register.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.
- The Premises Officer carries out a yearly stock take of assets.

Risk Assessment

- Risk assessments are carried out annually by the Clerk and presented to a Council meeting where they are approved, and minuted as approved by the Council. The risk assessments include, but are not limited to: generic Parish Hall, Fire, Film Evening and Parks, Volunteer and Volunteer Litter-Pickers and Tree Warden. Additional risk assessments are carried out as necessary for Council events on an ad hoc basis.
- A review of annual insurance to be carried out each year.

Debt Recovery

- Any debt outstanding for 30 days will result in a formal letter being written to the debtor. If payment is still not received within 7 days of the formal letter being posted, formal court action will be considered by

Council.

Accelerated Payments

- In exceptional circumstances where early payment(s) confers a benefit on the Council, or is necessary, payment can be authorised by any Committee of the Council or by email consent where at least half of Councillors agree. Any such payment(s) will be added, retrospectively, to the next Council order paper for approval by the full Council.

Credit Card

- The Credit Card has a monthly maximum spend limit of £1,000 with a maximum per transaction of 500.
- All payments made of the credit card are listed and authorised by Council via the monthly order paper.
- A direct debit is set up from the Council's current account to ensure any balances on the credit card are automatically paid off each month to prevent arrears.

INTERNAL CONTROLS POLICY TO BE REVIEWED ANNUALLY.

Reviewed March 2022.

Reviewed March 2023.

Reviewed February 2024

Amended to remove need for two Cllrs to sign invoices as bank records who has authorised every single payment July 2024

Due for Review February 2025