

INTERNAL FINANCIAL CONTROL SYSTEM

Description	Controls and working practices employed	Frequency	Responsibility
Petty Cash	There is no cash used		
Cheques	<p>No pre-signed cheques are ever held. There are five authorised signatories for the Unity Trust Bank and HSBC accounts. Two signatures are required per cheque.</p> <p>The stubs are also initialled by the signatories. All issued cheques are checked against invoices by a non-signatory Councillor who also initials the cheque stub.</p> <p>All payments are reported at Full Council meetings and listed in the Minutes.</p> <p>Invoices that require settlement between Full Council meetings are submitted for checking and authorisation to two Councillors (signatories). These payments are listed separately at Full Council meetings and in the minutes.</p> <p>Spot checks are made by the Governance Committee and the Internal Auditor</p>	<p>All payments are checked on a monthly basis ahead of the Full Council meeting with the exception of the checks made by a member of the Governance Committee which are done on an unannounced basis one day per month.</p> <p>When required</p>	<p>The Clerk or Assistant Clerk ensures that all invoices are prepared for payment and the checks are made by a designated Councillor before the Full Council meeting</p> <p>Governance Committee and the Internal Auditor</p>
Direct Debits (DD)	<p>All DDs are approved by the Finance Committee prior to being set up and are then authorised by two signatories</p> <p>The payments are distinguished from cheques and listed at Full Council and included in the Minutes.</p> <p>In accordance with Standing Orders – Financial Regulations 6.5 all DDs will be renewed by resolution of the Council every two years</p>	<p>When the payment is due</p> <p>Every two years</p>	<p>The Clerk</p> <p>The Clerk and Finance Committee Full Council</p>

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Standing Orders	Standing Orders are input in to bank payment system and approved by two authorised Councillors. Any changes to a standing order should be approved by the Finance Committee or Full Council and can then be amended and authorised	When required	The Clerk
Electronic Transfer Payments	The Clerk or Assistant Clerk inputs a payment(s) in to the Unity Trust Bank system using passwords and codes known only to them. The payments are listed at Full Council for approval and the following day the clerk emails the signatories with a copy of the list that was checked by the nominated Councillor. Two of the five signatories then authorise the payments using passwords and codes known only to them. It is the Councillors' responsibility to ensure that the payments they authorise match the amounts in the BACS system. If there is any doubt they should either refer back to the clerk or reject it for it to be re-input. Invoices that require settlement between Full Council meetings are input by the Clerk (or Assistant). He (she) emails the five signatories with a copy of the invoice and a reason for the urgent payment and notifies them that a payment(s) is pending awaiting authorisation. Two of the five signatories then authorise payment. The payments are listed separately at Full Council meetings and in the minutes In accordance with Standing Orders – Financial Regulations 6.5 the authorisation to make	Monthly When required When required Every two years	The Clerk or Assistant Clerk The Clerk or Assistant Clerk Councillors that are authorised signatories The Clerk and Finance Committee Full Council

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	electronic payments will be renewed by resolution of the Council every two years		
Description	Controls and working practices employed	Frequency	Responsibility
Credit cards	It is recognised that not all payments can be made by cheque or electronic transfer and some payments require a debit or credit card. This facility allows for the correct VAT claim procedure. The clerks and the Groundsman are issued with credit cards that have a monthly spending limit. This facility is only used if a payment by cheque or electronic transfer is not available. All expenses incurred on these cards will be detailed to Full Council and balances are paid in full monthly by direct debit	When required	The Clerk or Assistant Clerk
		Monthly	The Clerk or Assistant Clerk
Expenses	Councillors are allowed travel expenses. Baby - sitting expenses are allowed but prior notification is expected. Any other expenses claim by a councillor requires prior authorisation by the Finance Committee or Full Council. Any claim for expenses by a Councillor is submitted in writing to the Clerk	Claims are normally made on the occasion of an unusual expense (e.g. attendance at training). The Clerk and Assistant Clerk submit a monthly claim in writing for their mileage.	It is the Clerk's responsibility to check any claims. The Clerk's and Assistant Clerk's monthly claims are checked by a designated Councillor.

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Pre Authorised Expenditure	The Clerk has authority to incur any item of expenditure up to £500. Any two of the Chairman, the Vice Chairman and the clerk have the authority to incur any expenditure up to £1,000 and all three can authorise expenditure to £2,000 where it is in their view necessary or desirable to act without delay. The expenditure is then advised to either Full Council or the Finance Committee which ever meets first. The Chairman's allowance is to be used at the discretion of the Chairman	As required As required	The Clerk The Chairman, Vice-Chairman or clerk The Chairman (Usually in discussion with the Clerk)
Bank Accounts	The Parish Council has two current accounts, one at Unity Trust Bank and one at HSBC. Balances are provided to Full Council on a monthly basis and to the Finance Committee when it meets. The Accounts are checked by the Internal Auditor and submitted on the Annual Return to the External Auditor	Monthly or when necessary Monthly Every six months Annually	The Clerk and designated Councillor who initials that the accounts balance as seen The Clerk or Assistant Clerk Internal Auditor External Auditor
Investments	An investment is money placed in a non-bank deposit type account. All investments should be covered by the FSCS limit (currently £85,000 as from 30 th January 2017) and any deviation from this requires Full Council approval. SPC will diversify its banking arrangements as necessary	Reviewed at Finance Committee meetings	The Clerk and Committee members
VAT	A computerised report is submitted every six months to HMRC. The funds are received by BACS	Six monthly	The Clerk or the Assistant Clerk

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	payment direct into the Parish Council's current account (under advice)		
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Salaries, Pensions and PAYE	Salaries for Clerks and the Administrative Assistant are agreed annually by Full Council and calculated pro rata to agreed hours worked per 37 hour week (currently 25 for the Clerk, 15 for the Assistant Clerk and 15 for the Admin Assistant). The Groundsman's salary is reviewed and agreed periodically by Full Council following a recommendation by the Governance Committee. Salary and Pension calculations are outsourced to a company (Simon Goacher Payroll Services). Payments to NEST (pensions) are made monthly and HMRC are paid quarterly Employment contracts are reviewed	Monthly	Prepared by the Clerk or Assistant Clerk and checked by the designated Councillor and Full Council
		Monthly	The Clerk or the Assistant Clerk
		Quarterly	Governance Committee
		Annually	
Invoicing process	All work carried out on behalf of the Parish Council is authorised before either by a contract or by a firm quotation. All invoices are paid on a monthly basis and are checked by a designated Councillor (see cheques).	Monthly	The Clerk and designated Councillor
Bank reconciliation	Monthly reconciliation between bank statements and the accounts are carried out by the Clerk to ensure accuracy. The statements and a form of accounts are then produced and the designated Councillor initials the statements to confirm that it has been seen and agreed. Monthly checks are carried out by members of the Governance committee	Monthly	The Clerk and designated Councillor
		Monthly	Governance Committee

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Description	Controls and working practices employed	Frequency	Responsibility
Budgetary controls	<p>Monthly summaries of budget and expenditure to date are provided to members of the Finance Committee.</p> <p>Decisions on project expenditure may be made formally at meetings of the Finance Committee up to £5,000</p> <p>All expenditure above £5,000 is decided by Full Council and minuted, normally on a recommendation by the Finance Committee. The clerk advises Councillors of the impact of any expenditure on the budget. There is no requirement for the Council to keep expenditure strictly within budget but every endeavour is made to ensure this is generally the case.</p>	<p>Monthly</p> <p>As and when meetings are held or when required by email</p> <p>As required</p>	<p>The Clerk and members of the Finance Committee</p> <p>Finance Committee</p> <p>Full Council</p>
Internal Audit	The Internal Auditor reviews procedures and makes spot checks on financial payments and systems and reports to Full Council	At least six monthly	Internal Auditor
Insurance	Insurance is renewed annually and since April 2013 has been on a three year rolling contract which has reduced the premium. When the insurance is up for renewal at least one other quote is sought to ensure value. The Insurance Company is advised of any changes to assets and the policy is changed accordingly.	<p>Annually or when assets change</p> <p>As required</p>	<p>Clerk and Governance Committee</p> <p>Clerk</p>
Lease and field rentals	<p>Payment is due to the Parish Council from the Trustees of the Langton Green Village Hall for ground rent</p> <p>Field rentals are suspended for 30 years from 2016 under the terms of the lease with LGCSA.</p>	At various times at six monthly intervals	Clerk

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Risk Management	<p>Risk Assessments are carried out whenever the Governance Committee meets and at the end of each financial year by the Clerk.</p> <p>Monthly checks are carried out unannounced by a member of the Governance Committee on a random sample of financial and management systems. The checks cover finance, assets and any other activity deemed necessary</p> <p>Internal Financial Control System is reviewed annually</p>	<p>At least quarterly at Governance meetings</p> <p>Monthly</p> <p>Annually</p>	<p>Clerk and Governance committee</p> <p>Governance Committee</p> <p>Clerk and Governance Committee</p>
Pavilion	All income and expenditure is noted in the accounting system under a separate section which is reviewed monthly by Full Council	Monthly	Full Council