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## **HILTON PARISH COUNCIL**

### **INTERNAL CONTROL POLICY**

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## 1. INTRODUCTION

- 1.30. This Internal Control Policy governs the conduct of financial management by the council and may only be amended or varied by resolution of the council. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders<sup>1</sup> and any individual financial regulations relating to contracts.
- 1.31. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.32. Hilton Parish Council has the responsibility for regulating and controlling the finances of the Council. These Internal Controls represent the working arrangements established by Hilton Parish Council for conducting the Council's financial transactions. The Internal Control Policy should be read in conjunction with our Standing Orders and Financial Regulations. It is not intended to replace the principles outlined in the existing Financial Regulations. The Internal Controls policy should be reviewed on a regular basis.

## 2. FINANCIAL ADMINISTRATION

- 2.1. The Hilton Parish Council Clerk will for the purposes of Section 151 of the Local Government Act 1972 be the Responsible Financial Officer for the proper administration of the Council's financial affairs.
- 2.2. The Parish Clerk/RFO 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.
- 2.3. In the context of best value, the Parish Clerk/RFO 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

- 3.1. **Authority to Incur Expenditure**
- 3.2. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- the council for all items over £5,000;
  - a duly delegated committee of the council for items over £500; or
  - the Clerk or the Chairman of Council for any items below £500.
- 3.3. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of

the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

- 3.4. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 3.5. The salary budgets are to be reviewed at least annually in November or December for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk/RFO and the Chairman of Council or relevant committee. The Clerk/RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 3.6. In cases of extreme risk to the delivery of council services, the Clerk/RFO may authorise revenue expenditure on behalf of the council which in the Clerk/RFO's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk/RFO shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.
- 3.7. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 3.8. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 3.9. The Clerk/RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of [£100] or [15%] of the budget.
- 3.10. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

#### **4. BUDGETRY CONTROL**

- 4.1. Allocated budgets will be cash limited, with budgetary monitoring undertaken by the Parish Clerk under the overall guidance of the Full Council.
- 4.2. The Parish Clerk will report budgetary performance to Full Council on a quarterly basis.

#### **5. VIREMENTS**

- 5.1. Virements will be allowed in specific cases provided a recommendation is made to this effect by the Full Council.

## 6. ORDERS FOR WORK, GOODS AND SERVICES

### 6.1. **Compliance with Standing Orders**

- 6.2. 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 Full Council.
- 6.3. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 6.4. Order books shall be controlled by the Clerk/RFO.
- 6.5. All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11 (l) below.
- 6.6. A member may not issue an official order or make any contract on behalf of the council.
- 6.7. The Clerk/RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Clerk/RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

### 6.8. **Written Orders**

- 6.9. All orders for goods and services will be issued on printed and consecutively numbered official Parish Council order forms.
- 6.10. 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.
- 6.11. Split ordering to avoid having to obtain quotations or tenders is forbidden.

### 6.12. **Certification of Orders**

- 6.13. All orders will be signed by the Parish Clerk/RFO.

### 6.14. **Retention of Orders**

- 6.15. 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.
- 6.16. All copies of any spoilt orders will be retained and marked as "cancelled".

### 6.17. **Security of Orders**

- 6.18. These are held on computer, access to be password protected.

6.19. **Verbal Orders**

6.20. 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 two working days with a written order clearly marked "confirmation".

## 7. PAYMENT OF ACCOUNTS

### 7.1. Method

7.2. The method of payment will be by cheque or other instrument drawn on the Council's account.

### 7.3. Responsible Officer

7.4. All payments made on behalf of the Council, will be made by the Parish Clerk/RFO.

7.5. The Parish Clerk/RFO 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.

### 7.6. Certification for Payment

7.7. 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.

7.8. In certifying a payment the Parish Clerk/RFO will be satisfied that:

- (i) 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;
- (ii) the relevant Standing Orders have been complied with;
- (iii) the relevant expenditure has been properly ordered, authorised or incurred;
- (iv) the invoices correspond to delivery notes/goods received notes where appropriate, are arithmetically correct and discounts, allowances, credits and tax are correct;
- (v) an appropriate entry is made on the hard copy order to prevent possible future duplicate payments;
- (vi) the account has not previously been passed for payment;
- (vii) appropriate entries have been made in inventories and stores records.

- 7.9. Emailed and facsimile copies of invoices are acceptable, but must be retained as original documentation.
- 7.10. To comply with VAT requirements, where it is necessary to amend an invoice, it must either be returned to the supplier, or a credit note/supplementary invoice should be requested prior to payment being made. The use of correcting fluid etc to amend invoices is forbidden.
- 7.11. Payments will only be made after being laid before the Full Council for approval.

## **8. EXPENSES, TRAVELLING AND SUBSISTENCE**

### **8.1. Form**

- 8.2. All claims for expenses, travel and subsistence payments will be made only on forms approved by the Council at least monthly.

### **8.3. Certification**

- 8.4. All expenses, travelling and subsistence claims will be signed by the Parish Clerk/RFO for staff members, or Chairman of the Full Council for the Parish Clerk/RFO.
- 8.5. The certifying officer should satisfy themselves that any expenses, travelling and subsistence claims relate to journeys made and expenses properly and reasonably incurred whilst carrying out official duties.

### **8.6. Payment of Travelling and Subsistence Claims**

- 8.7. Certified claims will be laid before members in a Full Council meeting for approval.

## **9. PETTY CASH**

### **9.1. Provision**

- 9.2. Hilton Parish Council does not run a petty cash system.

## **10. SALARIES AND WAGES**

### **10.1. Responsible Officer**

- 10.2. As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee.
- 10.3. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in

- employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.
- 10.4. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.
  - 10.5. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
    - a) by any councillor who can demonstrate a need to know;
    - b) by the internal auditor;
    - c) by the external auditor; or
    - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
  - 10.6. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
  - 10.7. An effective system of personal performance management should be maintained for the senior officers.
  - 10.8. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
  - 10.9. Before employing interim staff the council must consider a full business case.



10.10. **New Appointments**

10.11. 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.

10.12. **Certification**

10.13. The Parish Clerk/RFO will sign all timesheets relating to the staff and the Chairman will sign all timesheets relating to the Clerk/RFO.

**11. CONTRACTS FOR BUILDING, CONSTRUCTIONAL OR ENGINEERING WORK**

11.1. **Compliance with Contract Standing Orders**

11.2. Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk/RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

11.3. Where contracts provide for payment by instalments the Clerk/RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the council.

11.4. Any variation to a contract or addition to or omission from a contract must be approved by the council and Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

11.5. **Variations**

11.6. Contract variations will be authorised by the Full Council. 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.

11.7. **Reporting of Excess Costs**

11.8. If during the course of any contract there are indications that costs are likely to exceed the approved contract sum and the contingency arrangement, the Full Council will be informed immediately and an email containing an explanation will be sent to all Members and a full report made to the next Full Council Meeting.

**12. INCOME**

12.1. **Responsible Officer**

12.2. The collection of all sums due to the council shall be the responsibility of and under the supervision of the Clerk/RFO.

12.3. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the council, notified to the

- Clerk/RFO and the Clerk/RFO shall be responsible for the collection of all accounts due to the council.
- 12.4. The council will review all fees and charges at least annually, following a report of the Clerk/RFO.
  - 12.5. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
  - 12.6. All sums received on behalf of the council shall be banked intact as directed by the Clerk/RFO. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the Clerk/RFO considers necessary.
  - 12.7. The origin of each receipt shall be entered on the paying-in slip.
  - 12.8. Personal cheques shall not be cashed out of money held on behalf of the council.
  - 12.9. The Clerk/RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
  - 12.10. Where any significant sums of cash are regularly received by the council, the Clerk/RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
  - 12.11. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting (see also Regulation 16 below).
  - 12.12. **Paying In**
  - 12.13. All money received by an officer on behalf of the Council will without delay be recorded as received and placed into the safe.
  - 12.14. No deduction will be made from sums due to the Council.
  - 12.15. All cheques and cash received shall be banked as soon as practicable, this to be done at least once per month.
  - 12.16. **Official Receipts**
  - 12.17. All official receipts, forms, tickets, vouchers and similar documents will be stored in a controlled environment.
  - 12.18. No receipt given by an officer for money received will be in a form other than an official receipt.
  - 12.19. **Cashing Cheques**
  - 12.20. No personal cheques will be cashed out of money held on behalf of the Council.

- 12.21. No third party cheques will be accepted by officers for the payment of any debt.
- 12.22. **Transfer of Remittances**
- 12.23. Every transfer of money held on behalf of the Council from one member of staff to another will be evidenced by the signature of the receiving officer in a register or pro forma maintained for this purpose.
- 12.24. Any blank cheques received and those which are not “Account Payee Only” will be crossed with an official stamp immediately on receipt as part of the post opening procedure.
- 12.25. **Write Offs**
- 12.26. It will be the responsibility of The Parish Clerk/RFO to promptly notify the Full 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. A “debt” may be classified as:
- (i) an individual amount for an individual debtor, or
  - (ii) the cumulative amount of several related debts for an individual debtor.

The write off of an individual debt, or the cumulative total of related debts will require the authorisation of the Full Council.

## 13. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

### 13.1. **Responsible Officer**

- 13.2. The council's banking arrangements, including the bank mandate, shall be made by the Clerk/RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 13.3. The Clerk/RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council / committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 13.4. All invoices for payment shall be examined, verified and certified by the Clerk/RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 13.5. The Clerk/RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The Clerk/RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council Meeting.
- 13.6. The Clerk/RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Clerk/RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council;
  - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council; or
  - c) fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
- 13.7. For each financial year the Clerk/RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council.
- 13.8. A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is

authorised - thus controlling the risk of duplicated payments being authorised and / or made.

- 13.9. In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any Policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.
- 13.10. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 13.11. The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 13.12. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.
- 13.13. **Order and Custody of Cheques**
- 13.14. Cheques will only be ordered on the authority of the Parish Clerk/RFO, and will be stored in the safe.
- 13.15. 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".
- 13.16. **Signatures**
- 13.17. The council will make safe and efficient arrangements for the making of its payments.
- 13.18. Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk /RFO shall give instruction that a payment shall be made.
- 13.19. All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of Council.
- 13.20. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by one member of council, and countersigned by the Clerk/RFO, in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
- 13.21. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 13.22. Cheques or orders for payment shall not normally be presented for signature other than at a council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.
- 13.23. If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval

- of the use of a variable Direct Debit shall be renewed by resolution of the council at least every two years.
- 13.24. If thought appropriate by the council, payment for certain items (principally Salaries) may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the council at least every two years.
- 13.25. If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 13.26. If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 13.27. Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 13.28. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 13.29. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 13.30. The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 13.31. Where internet banking arrangements are made with any bank, the Clerk /RFO shall be appointed as the Service Administrator. The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 13.32. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 13.33. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk/ RFO and

the Chairman. A programme of regular checks of standing data with suppliers will be followed.

- 13.34. Any Debit Card issued for use will be specifically restricted to the Clerk /RFO and will also be restricted to a single transaction maximum value of £500] unless authorised by council in writing before any order is placed.
- 13.35. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council. Transactions and purchases made will be reported to the council and authority for topping-up shall be at the discretion of the council.
- 13.36. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk /RFO and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.
- 13.37. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk/RFO (for example for postage or minor stationery items) shall be refunded on a regular basis.
- 13.38. **Bank Reconciliation**
- 13.39. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the Clerk/ RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the full Council

13.40. **Long Term Deposit Account (accounts of more than 6 months duration)**

13.40 Money invested in a long term bank deposit account can only be withdrawn prematurely from such an account following the recommendation of the Parish Clerk and then subsequently agreed by the Full Council. The penalty for early withdrawal must be made known to the Full Council.

**14. INTERNAL AUDIT**

14.1. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the Clerk/RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.

14.2. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.

14.3. The internal auditor shall:

- be competent and independent of the financial operations of the council;
- report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- have no involvement in the financial decision making, management or control of the council.

14.4. Internal or external auditors may not under any circumstances:

- perform any operational duties for the council;
- initiate or approve accounting transactions; or
- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

14.5. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

14.6. The Clerk/RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

14.7. The Clerk/RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.



## 14.8. **Rights of Access**

- 14.8 The Council will allow the Internal Auditor:-
- (i) to enter any land, building, vehicle or plant owned or used by the Council;
  - (ii) 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;
  - (iii) to possess or take copies of any record, document or correspondence;
  - (iv) to require such explanations as are necessary from any Council officer concerning any matter under examination;
  - (v) to require any employee of the Council to produce cash, stores or any other Council property under his/her control.

## 14.9. **Fraud and Irregularity**

- 14.9 Any officer who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform the Parish Clerk/RFO, or Chairman of the Council as appropriate, who will take whatever steps are necessary by way of investigation and report.
- 14.9 Where criminal proceedings might be necessary the Parish Clerk/RFO in consultation with the Chairman of the Full Council will be responsible for deciding whether to refer to a matter to the Police. If it is the Parish Clerk/RFO that is under investigation then the Chairman of the Council and the Vice Chairman will make the decision as to referral to the Police. A full report will be made to the Full Council, at the earliest time.

## 15. **ASSET REGISTER, PROPERTIES AND ESTATES**

- 15.1. The Parish Clerk/RFO will maintain an inventory (asset register) for insurance and audit purposes.
- 15.2. The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The Clerk/RFO shall ensure a record is maintained of all properties held by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 15.3. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council,

together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £250.

- 15.4. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law, In each case a Report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 15.5. No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 15.6. Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council with a full business case.
- 15.7. The Clerk/RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

## **16. INSURANCE**

- 16.1. Following the annual risk assessment (per Financial Regulation 17), the Clerk/RFO shall effect all insurances and negotiate all claims on the council's insurers in consultation with the council.
- 16.2. The Clerk/RFO shall give prompt notification to the council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 16.3. The Clerk/RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 16.4. The Clerk/ RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to council at the next available meeting.
- 16.5. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the council.

## **17. RISK MANAGEMENT**

- 17.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 17.2. When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **18. STORES AND EQUIPMENT**

- 18.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 18.2. Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 18.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 18.4. The Clerk/RFO shall be responsible for periodic checks of stocks and stores at least annually.
- 18.5. Stocks and stores records will be kept electronically wherever possible. Manual records shall be maintained as appropriate.

## **19. SECURITY**

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

## **20. Keys**

- 20.1. Keys held by Officers and nominated Members to Council property, including safes, cash boxes, strong rooms and computer terminals, security systems and any other secure item or area will be issued by the Parish 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 Parish Clerk immediately.
- 20.2. The Parish Clerk will be responsible for ensuring that adequate security arrangements exist for keys to other Council owned property.
- 20.3. The Parish 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.
- 20.4. Master copies of all keys issued will be retained.

## **21. Computer**

- 21.1. Confidential programmes such as payroll should be password protected and only worked on by The Clerk/RFO or a councillor with delegated powers to do so in the Clerk/RFO's absence.
- 21.2. Back up procedures for the Council's IT equipment will be in place and reviewed annually.

## **22. Breaches of Security**

- 22.1. Any member of staff will immediately report breaches of security to the Parish Clerk/RFO who will, in consultation with the Chairman of the Council, 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 Parish Council at the earliest opportunity.

## **23. MANAGEMENT OF INFORMATION**

- 23.1. The Parish Clerk/RFO will be responsible for maintaining proper security and privacy of all information under his/her 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.

## **24. Data Protection**

- 24.1. The Parish Clerk/RFO 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.

## **25. Retention of Documents**

- 25.1. The Parish Clerk/RFO will make arrangements for retaining official documents for the periods as listed at Appendix 1.
- 25.2. All documents deemed for disposal shall be shredded or disposed of in an appropriate manner so as to ensure confidentiality as required.

## APPENDIX 1

### Minimum period for retention of “financial” documents

Note: The following is based on the CIPFA Financial Information Service list which incorporates the results of a number of local agreements with Customs & Excise and the Inland Revenue.

<b>Type of Document Accountancy/Financial</b>	<b><u>Retention Period (Years &amp; Current year included)</u></b>
Budgetary Monitoring Reports	6
Estimate Working Papers	2
Financial Ledgers (incl year end reports)	6
Grant Claim Records	6
Investment Records	6 after maturity
Journals etc	6
Leasing Records	1 after disposal
Purchase/Official Orders	6
Statement of Accounts	6
VAT Claims	6
VAT Records	6
<b>Bank Related Records</b>	
Bank Paying-in Books/Slips	6
Bank Reconciliation Papers	6
Bank Statements	6
Cheque Books and Counterfoils	6
Cheque Lists (Creditors/Payrolls)	6
Cheques – Cancelled	6
Cheques – Paid	6
Cheques – Returned	6
Loan Records and Correspondence	6
<b>Contracts</b>	
Contract Registers	Retain Indefinitely
Final Accounts:	
Contracts executed under hand	6
Contracts issued under seal	12
Successful Tenders	3 after final payment
Unsuccessful Tenders	Full financial year following award of contract
<b>Credit or Records</b>	
BACs Listings	6
Copy Orders	6
Credit Notes	6
Creditor Invoices	6
Delivery Notes	2

Periodic Payment Records	6
Petty Cash Floats & Imprest Documentation	6

### **Income Records**

Cash Receipting Reconciliation Records	6
Collection and Deposit Books	6
Correspondence (income)	2
Debtor Records (non-current accounts)	2
Miscellaneous Income Receipts	6
Receipt Books & Record of Books Issued	6
Sales Records	2
Till Rolls	2

### **Insurance Records**

Insurance Claims, Correspondence	6
Insurance Contracts – Expired	Retain Indefinitely
Insurance Policy Documentation	Retain Indefinitely

### **Miscellaneous Records**

Allotment Tenancy Agreements	2 after termination
Capital Works Monitoring Reports	6
Car Leasing and Mileage Records	3
Car Loans	3
Community Charge Records (non-current)	6
Computer System Documentation	2
Council Tax Records (non-current)	6
Departmental Files for Building Control, Planning and Trees (for Latent Damage Act purposes)	16
Grants applications & correspondence	6
Individual Asset Records	Life of Asset + 6
Inland Revenue Documentation	6
Inventory Records	6
Land Charges Records	Retain Indefinitely
Members' Statutory Registers (non-current)	4
Minutes – Council Meetings: Reference Copy	Retain Indefinitely
Minutes – Committee Meetings: Reference Copy	Retain Indefinitely
Mortgages: Records/Correspondence (non-current)	2
Postal Remittance Lists	2
Road Fund Licence Records	2
Stock Lists	2
Travelling and Subsistence Claims	2
Vehicle Logs	2
Vehicle/Machinery Leasing Records	2 + current

## **Payroll**

BACS Records and Output	3
Building Society Reports	3
Copy Payslips	indefinitely
Correspondence	6
NI Number Changes	6
Payroll Adjustment Documentation	6
Part Time Employees' Documentation	6
Pension Records	Retain Indefinitely
SSP and SMP Records	4
Staff Transfer Records	4
Starters' Forms	2
Tax and National Insurance Records	6
Tax Code Notifications	2
Timesheets	2
Union Records	2

## **Personnel**

Personnel Files (non-current)	indefinitely
Staff Contracts (non-current)	6
Unsuccessful Candidates' Job Application Forms	1