

FILEY TOWN COUNCIL

FINANCIAL INTERNAL CONTROLS AND PROCEDURES

Reviewed 5 May 2021 to be reviewed next in May 2022.

RFO – Responsible Financial Officer

DTC – Deputy Town Clerk

ATC – Assistant Town Clerk

F&GP – Finance & General Purposes Committee

CONTROL	LINK TO FINANCIAL REGULATIONS NUMBER	PROCEDURE	RESPONSIBILITY
Responsible Financial Officer	Section 1	<ul style="list-style-type: none"> ▪ Formally appointed by Full Council and duties carried out as per defined Job Description and as per guidance from the practitioner’s guide ‘Governance and Accountability in Local Councils in England and Wales’. ▪ The RFO shall be responsible for the day-to-day management of all financial procedures and preparation of the ‘Annual Return’. ▪ The RFO to ensure all members of staff are aware of existing internal controls and any changes when reviewed. ▪ The RFO to ensure all members of staff are adequately trained to carry out all financial controls and procedures. ▪ The RFO should hold the Certificate of Local Council Administration Certificate (including the General Power of Competence) or be working towards it. ▪ The RFO to work with the Finance & General Purposes Committee to prepare any financial recommendations to the Council. 	<p>Council</p> <p>RFO</p> <p>RFO</p> <p>RFO</p> <p>RFO/Staffing</p> <p>RFO/F&GP</p>
Financial Tasks and responsibilities	1.10	<ul style="list-style-type: none"> ▪ All day-to-day financial tasks (including BACs payments) and responsibilities are split between three members of staff to ensure division of responsibility to enable prevention and detection of inaccuracies and fraud. 	RFO/DTC/ATC
Financial Regulations and Standing Orders	18.1 1.6-1.7	<ul style="list-style-type: none"> ▪ Financial Regulations shall be reviewed annually by Council. ▪ All Financial controls and procedures must be carried out in line with the Town Council’s Financial Regulations and Standing Orders. 	<p>Council</p> <p>RFO/Council</p>

Internal Audit	2	<ul style="list-style-type: none"> ▪ All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with best practice and statutory responsibilities. ▪ To appoint a qualified internal auditor each year at the Annual Meeting. ▪ A review of the internal auditor's quarterly reports and consider any recommendations made for implementation. ▪ To undertake a review of the effectiveness of internal audit on an annual basis. 	<p>RFO</p> <p>Council RFO/F&GP/Council</p> <p>F&GP/Council</p>
Independent Financial Advisor	8.9	<ul style="list-style-type: none"> ▪ To appoint an Independent Financial Advisor to advise the council on current financial investments on a regular basis. 	Council
Investments	8	<ul style="list-style-type: none"> ▪ All investments shall be in the name of the Council with named signatories to be agreed by Council. ▪ Council shall review the Annual Investment Policy on an annual basis. ▪ To review the council's investments and the interest from those investments on a regular basis and to consider advice by the Independent Financial Advisor. ▪ All investment policies to be stored in a locked filing cabinet. ▪ A review of signatories and assured lives to be undertaken on a yearly basis for all investment policies. 	<p>RFO/F & GP/Council</p> <p>RFO/F&GP/Council RFO/F&GP/Council</p> <p>RFO RFO/F & GP</p>
Budget	3-4	<ul style="list-style-type: none"> ▪ RFO to prepare a budget and associated report in liaison with Finance & General Purposes Committee which is to be approved by the Council. ▪ Monitoring of budget and reporting variances/recommendations for virement on a quarterly basis to F&GP Committee. ▪ Unspent amounts in budget provision will not be carried forward to a subsequent year unless placed in an earmarked reserve by Council. 	<p>RFO/F&GP/Council</p> <p>RFO/F&GP</p> <p>Council</p>
Precept setting	3.4	<ul style="list-style-type: none"> ▪ Recommendation of annual precept to Finance & General Purposes Committee ensuring sufficient information is sought from SBC as to amount per Band D Equivalent. ▪ Precept to be approved by the full council. ▪ RFO to issue the precept to the billing authority and shall supply each member with a copy of the approved budget. 	<p>RFO/F&GP</p> <p>Council RFO</p>
Expenditure	4	<ul style="list-style-type: none"> ▪ The RFO to ensure that all relevant estimates, quotations, tenders for work are carried out in accordance with the council's Standing Orders and Financial Regulations and detailed information is recorded and kept for reference/audit 	RFO

		<p>purposes and all expenditure falls within the current year's budget.</p> <ul style="list-style-type: none"> ▪ To maintain a record sheet to substantiate small contracts and filed for reference/audit purposes. ▪ All purchase orders to be signed by the RFO before issue. ▪ All invoices received to be checked, dated, coded for budget purposes, and linked for reference (audit trail) to the purchase order by the DTC prior to approval by the RFO. ▪ All expenditure to be entered on a schedule of payments for authorisation by Council each month. The Schedule of payments should show all payments that have been made since the last meeting of Full Council and all the payments Council is being asked to make. ▪ All invoices to be entered on to the SAGE Accounts computer system. ▪ All payments from 'Schedule of Payments/Expenditure' entered on to SAGE ACCOUNTS system after approval by Full Council. ▪ All suppliers paid after invoices have been approved for payment by Full Council, a Committee with delegated powers under £5,000, a Chairman for a committee with delegated powers under £500 or an officer with delegated powers. Cheques are signed by three authorised signatures, one being the DTC/TC. Payment via BACs is to be recorded with the approval for the spend made clear. ▪ Cheques counterfoils to be initialled by cheque signatories. ▪ Under no circumstances should blank cheques be signed. 	<p>RFO</p> <p>RFO RFO/ DTC</p> <p>DTC/RFO</p> <p>RFO RFO</p> <p>TC/ DTC/Signatories</p> <p>TC/DTC /Signatories TC/DTC /Signatories</p>
Emergency Expenditure	4.5	<ul style="list-style-type: none"> ▪ Emergency financial arrangements have been delegated to the RFO in the event of an emergency up to an amount of £1,000. 	RFO
Income	9	<ul style="list-style-type: none"> ▪ RFO to appoint a member of staff to be responsible for all sundry income – a receipt must be issued for every item received and clearly show the receipt number, date, amount, and signature. ATC ▪ All receipt books to be numbered sequentially and each receipt to be numbered sequentially in every receipt book. ATC ▪ Collection boxes to be recorded as to distribution and regularly emptied and banked. ▪ A 'Schedule of Income Return' to be produced at the end of each month and coded to budget income headings for input by the RFO on to the SAGE ACCOUNTS computerised system. ▪ Customer invoices raised promptly for cemetery fees in line with the Scale of Charges agreed and reviewed by Council or a committee with delegated powers. 	<p>RFO/ATC</p> <p>DTC/ ATC</p> <p>ATC/RFO</p> <p>ATC/RFO</p> <p>ALL STAFF</p>

		<ul style="list-style-type: none"> ▪ Customer invoices raised promptly for room hire, photocopying and administration charges in line with the Scale of Charges agreed by Council or a committee with delegated powers. ▪ Customer invoices raised promptly for project income e.g., Xmas Trees, Commemorative Seating, Town Guide adverts in line with the scale of charges agreed by Council or a committee with delegated powers. ▪ The RFO to ensure all customer invoices raised by individual staff members are entered on to SAGE Account computer system. ▪ Aged Debtors list reviewed each month. ▪ Fees and charges reviewed annually by the full council or a committee with delegated powers. 	<p>ALL STAFF</p> <p>ALL STAFF</p> <p>RFO</p> <p>RFO Council</p>
Petty Cash	6.17	<ul style="list-style-type: none"> ▪ The RFO to designate a member of staff to be responsible for Petty Cash (Imprest £200), all expenditure approved by RFO and receipts to be obtained for all expenditure and Petty Cash Docket signed by recipient. ▪ Receipts attached to Petty Cash Dockets and recorded in Petty Cash book. ▪ All petty cash payments to be supported by VAT invoice where appropriate. ▪ Petty Cash book maintained and balanced prior to reimbursement. All expenditure to be coded to relevant expenditure budget heading – similar items to be grouped together for input onto SAGE ACCOUNTS system by RFO i.e. Sundry items. ▪ Petty Cash expenditure to be recorded on schedule of payments for approval by Full Council. 	<p>RFO/DTC</p> <p>DTC/ATC DTC/ATC DTC/ATC</p> <p>DTC/ATC</p>
Postage Stamps	6	<ul style="list-style-type: none"> ▪ All postage stamps and recipients to be recorded daily on postage spreadsheet. ▪ All post to be weighed and stamps issued in line with Post Office guidelines. ▪ Postage spreadsheet to be reconciled prior to reimbursement. ▪ Postage expenditure to be recorded on Schedule of Payments. 	<p>DTC/ATC ATC RFO/ATC DTC</p>
Post	17	<ul style="list-style-type: none"> ▪ All post to be date stamped upon receipt. ▪ All cheques to be date stamped upon receipt. 	<p>ALL STAFF ALL STAFF</p>
Banking Arrangements	5	<ul style="list-style-type: none"> ▪ All cheques and larger amounts of cash are banked regularly – staff banking income to be varied and done at varying times of the day, income to be banked should not be visible or obvious (e.g., cloth bank bags should not be used). ▪ All income should be banked by the last day of the month. ▪ All BACS payments should be made by and then approved by the RFO & DTC. 	<p>ATC</p> <p>RFO/ ATC RFO/DTC</p>

Security	17	<ul style="list-style-type: none"> ▪ All bank statements and returned cheques should be consecutively filed. ▪ All financial records are stored in a lockable filing cabinet. ▪ All cheque books, petty cash box, sundry income box, postage stamps are stored in the office safe as per insurance guidelines. ▪ All keys for offices, filing cabinets, strong room, council chamber etc are locked in lockable key safe. ▪ Security Alarms are regularly tested and an autodialing system is in place for identified keyholders. ▪ All financial records are kept indefinitely. ▪ All personnel records to be kept in secure lockable cabinet to comply with confidentiality and data protection. 	DTC ALL STAFF ALL STAFF ALL STAFF RFO RFO RFO
Payroll	7	<ul style="list-style-type: none"> ▪ Staffing Budget to be prepared by RFO for recommendation to Staffing Committee and all associated costs to the Council to be included, estimated pay award, increments, pensions scheme and employer national insurance contributions. Staffing Budget to be recommended by Staffing Committee to F&GP for inclusion in budget preparation and recommendation by the Council. ▪ Salaried monthly payroll information is supplied to an external payroll company, ensuring staff are paid in line with terms and conditions of employment (according to NJC recommendations). ▪ Deductions for PAYE/National Insurance/Statutory Sick Pay as per government guidelines and deductions for Staff Pensions as per the Local Government Pension Scheme. ▪ Pension returns sent to NYCC monthly. ▪ Staff Salaries to be paid on the 15th of each month or earlier dependant upon the day of the week the 15th falls, by bank transfer. ▪ All reports for the month from the Payroll company to be printed and filed in month order. ▪ Payments to the Inland Revenue and NYCC Pensions made monthly and payroll figures submitted to HMRC by the external payroll company. ▪ The payroll company to file the year end payroll online to the Inland Revenue copies of this to be provided to FTC. ▪ The payroll company will provide a backed-up system. ▪ Additional hours worked by staff to be entered on additional hours form and signed by members of staff and approved by RFO. ▪ Staff Annual Leave/Lieu time to be authorised and approved by RFO. 	RFO/Staffing/F&GP/ Council DTC DTC DTC DTC DTC DTC DTC RFO RFO

Minute recording		<ul style="list-style-type: none"> ▪ All minutes to be sequentially numbered and page numbers filed numerically. ▪ Minutes to be stored indefinitely. ▪ Agendas for all meetings of the Council to be displayed on notice board and website with 3 clear days' notice. ▪ All committee minutes to be preceded by a letter (e.g., 'F' for Finance & General Purpose) for clear identification. ▪ Each page of minutes to be initialled and dated by Chairman, final page signed and dated following ratification. 	<p>DTC RFO RFO RFO RFO</p> <p>Chairman/Committee Chairman</p>
Computer data	17/6.11-6.13	<ul style="list-style-type: none"> ▪ All computers have individual usernames and passwords. ▪ All computer data is saved to shared drive, backed up to an external hard drive and cloud storage. Backup drives kept off site. 	<p>RFO RFO</p>
Computer Laptop Devices	17/6.11-6.13	<ul style="list-style-type: none"> ▪ Town Clerk/RFO to manage the Microsoft Office 365 system to send out all agendas and associated correspondence to members within the statutory requirements. ▪ Town Clerk/RFO to hold all passwords and be the Microsoft Office 365 Administrator ▪ All staff and members to be responsible for the safe use of their device and each to sign a disclaimer for terms of use of the tablet device. 	<p>RFO/All Staff</p> <p>RFO</p> <p>RFO/All Staff and All Members</p>
Data Protection	17/6.11-6.13	<ul style="list-style-type: none"> ▪ All Staff and Members to be aware of the GDPR Act. ▪ The Town Council to be registered with the Information Commissioners Office ▪ All members to sign a disclaimer to abide by GDPR. 	<p>RFO Council RFO</p>
SAGE Accounting system	Section 2	<p>The following reports produced monthly and checked by the RFO:</p> <ul style="list-style-type: none"> ➢ Day Books – Supplier Invoices for month ➢ Day books – Customer Invoices for month ➢ All bank balance reports for all bank accounts. ➢ Unreconciled payments ➢ Monthly bank payment control ➢ Day books – Bank Payments ➢ Day books – Supplier Payments ➢ Monthly bank income control sheet (taken from receipts plus direct payments) ➢ Day books – Customer Receipts ➢ Day books – Bank receipts 	<p>RFO</p>

		<ul style="list-style-type: none"> ➤ Period Trial Balance for current month ➤ Audit trail for current month ➤ Nominal activity report for creditors for current month ➤ Nominal activity report for bank accounts for current month ➤ Aged debtors' analysis for current month ➤ Aged creditors analysis for current month <ul style="list-style-type: none"> ▪ All bank accounts to be reconciled monthly as a priority. ▪ Unique transaction number self-generated by SAGE software for each transaction. ▪ 4 days per month allocated for financial input by RFO. 	RFO RFO RFO
Insurance	15	<ul style="list-style-type: none"> ▪ Insurance reviewed on an annual basis. ▪ All new risks added to insurance policy. ▪ Insurance to include fidelity guarantee for maximum risk exposure to the council. ▪ Adequate Public Liability insurance to be maintained. ▪ Review of all assets on a regular basis in line with the council's insurance policy. 	RFO/Council RFO RFO/Council RFO/Council RFO/F&GP/Council
Deeds/Land Registry documents	14.1	<ul style="list-style-type: none"> ▪ Safe storage of all Deeds/Land Registry/Lease documents. ▪ Regular checks to be made that all documents are kept up to date and any new information recorded with the Land Registry. 	RFO RFO
Asset Register	14.16	<ul style="list-style-type: none"> ▪ Maintenance of Asset Register to be reviewed on an annual basis and linked to Insurance valuations. ▪ Building contents inventory to be reviewed on an annual basis and linked to Insurance valuations. 	RFO/F&GP/Council RFO/F&GP/Council
Risk Management	14.6/17	<ul style="list-style-type: none"> ▪ Every activity/event to be assessed for risk to the Council. ▪ Risk Management to be updated on a regular basis and reviewed by the Council annually. ▪ Health & Safety Advisor to the Council to be involved in Health & Safety Risk management. ▪ Expenditure to be identified by legal statute to ensure the council is not acting unlawfully (ultra vires) including the use of the General Power of Competence. 	RFO RFO/F & GP/Council RFO/H&S Advisor RFO/F&GP
Grants	4/5.8	<ul style="list-style-type: none"> ▪ All applications for financial assistance should apply using the financial assistance application form, be duly signed and completed submitting the relevant evidence to support each application. ▪ Each application must be examined by the RFO to comply with the legal power to 	Applicants RFO

		<p>provide financial assistance.</p> <ul style="list-style-type: none"> Grants over £1,000 to be monitored by the RFO. 	RFO
VAT	9.9	<ul style="list-style-type: none"> At the end of each financial year a VAT Return must be submitted to re-claim VAT and wherever possible this to be carried out at 6 monthly intervals. 	RFO
Bank Reconciliations	2.2	<ul style="list-style-type: none"> The RFO to prepare monthly bank reconciliations to be approved by the internal Auditor and the Chairman of the Finance & General Purposes Committee and put before Full Council. 	RFO/Internal Audit/Chair F&GP
Annual Return	2.3	<ul style="list-style-type: none"> After the end of the financial year the RFO to prepare the Annual Return for approval by the Full Council and submit the return to the External Auditor. Public notice must be given to view the end of year accounts (those included as part of the Annual Return) and this is to be displayed in the Council Office noticeboard and on the Council's website. 	RFO/F&GP/Council RFO