

HORSMONDEN PARISH COUNCIL INTERNAL FINANCIAL CONTROL POLICY

Description	Controls and Working Practices Employed	Frequency	Responsibility
Petty Cash	There is no cash used	None	None
Cheques	<p>No pre-signed cheques are ever held. There are five authorised signatories for the Unity Trust Bank and three for the HSBC account. Two signatures are required per cheque. The stubs are also initialled by the signatories. All issued cheques are checked against invoices, 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 at the next Full Council meeting and in the Minutes.</p> <p>Spot checks are made by the Parish Council's Internal Auditor</p>	<p>All payments are checked on a monthly basis prior to authorisation of payment by the signatories.</p> <p>Invoices required for payment between Full Council meetings are dealt with when required.</p>	<p>The Clerk ensures that all invoices are prepared for payment and the authorising Councillors are provided with the invoices in order to make checks, and initial prior to authorisation.</p> <p>Spot checks are carried out by the Council's Internal Auditor.</p>
Direct Debits	<p>All DDs are approved by Full Council at a Meeting of the Council 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. In accordance with the Councils Financial Regulations 6.7 all DDs will be renewed by resolution of the Council every two years.</p>	<p>When the payment is due.</p> <p>All DDs will be renewed by resolution of the Council every two years.</p>	<p>The Clerk.</p> <p>The Clerk and Finance Committee are responsible.</p>
Standing Orders	<p>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 Full Council and can then be amended and authorised. Regulations 6.7 all Standing Orders will be renewed by resolution of the Council every two years or as required.</p>	<p>Every two years or more frequently if required.</p>	<p>The Clerk</p>

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Electronic Transfer Payments	<p>The 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 two of the five signatories agree to authorise the payments that month. The payments folder containing invoices and cheques to be signed is then given to the two signatories to authorize payments over the next two working days, using passwords and codes known only to them. It is the Councillors' responsibility to ensure that the payments they authorize match the amounts on the invoice. If there is any doubt, they should either refer back to the clerk or reject it for it to be re-input.</p> <p>Invoices that require settlement between Full Council meetings are input by the Clerk. The Clerk 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 authorization. Two of the five signatories then authorize payment. The payments are listed at the next Full Council meetings and in the minutes.</p> <p>In accordance with Standing Orders – Financial Regulations 6.9 the authorisation to make electronic payments will be renewed by resolution of the Council every two years</p>	Payments are input monthly. All other actions are as required.	The Clerk and Councillors that are authorised signatories are responsible. The Clerk, Finance Committee and Full Council are responsible for the two-yearly review.
Credit Cards	<p>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.</p> <p>The clerks will in due course be issued with a credit card that has a monthly spending limit. This facility is only used if a payment by cheque or electronic transfer is not available. All expenses incurred on this card will be detailed to Full Council and balances are paid in full monthly by direct debit</p>	Frequency is monthly.	The Clerks are responsible.

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Expenses	Councillors and the Clerks, are allowed travel expenses. Any other expenses claimed by a councillor require prior authorisation by 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 any claim for mileage as a payment request.	It is the Clerk's responsibility to check any claims. The Clerk's and Assistant Clerk's claims are checked by a designated Councillor.
Pre-authorized Expenditure	The Clerk has authority to incur any item of expenditure up to £200. Any two of the Chair, the Vice Chair and the Clerk have the authority to incur any expenditure up to £500 where it is in their view necessary or desirable to act without delay. The expenditure is then advised to Full Council at the next meeting. Any Chair's allowance is to be used at the discretion of the Chair	Frequency is as required.	The Clerk, Chair, Vice-Chair or Clerk are responsible. For Chair's expenses, this is usually in discussion with the Clerk).
Bank Accounts	The Parish Council has two bank accounts - a current account at Unity Trust Bank and a savings bond account at Hampshire Trust Bank. The balance of the current account is 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	Balances are supplied monthly or when necessary, with accounts checked every six months and annually by the Auditor.	The Clerk and Chair who initials that the account balances as seen are responsible. The Internal and External Auditor is responsible the other checks.
Investments	An investment is money placed in a deposit-type account or other longer-term agreement. 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. HPC has money in the Hampshire Trust Bank to diversify its banking arrangements.	Reviewed at Finance Committee meetings and by Full Council when necessary.	The Clerk and Committee members are responsible.
VAT	A computerised report is submitted every six months to HMRC. The funds are received by BACS payment direct into the Parish Council's current account (under advice)	Frequency is six-monthly.	The Clerk is responsible.

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Salaries, Pensions and PAYE	<p>Salaries for the Clerk and the Assistant Clerk are agreed annually by Full Council and calculated pro rata to agreed hours worked per 37-hour week (currently 19 for the Clerk and 12 for the Assistant Clerk).</p> <p>Salary and Pension calculations are currently calculated by the Clerk using the HMRC Basic Tools System. Payments to The Peoples Pension (HPC pension scheme) are made monthly by Direct debit. Payments to HMRC are paid monthly by BACS</p> <p>Employment contracts are reviewed regularly.</p>	<p>Monthly.</p> <p>Employment contracts are reviewed annually.</p>	<p>The Clerk is responsible for preparing, calculating and checking salaries, inputting the figures onto the HMRC system, calculating pensions and making the BACS payments, and PAYE.</p> <p>Personnel Committee, Clerks and Full Council are responsible for the review of employment contracts.</p>
Invoicing Process	<p>All work carried out on behalf of the Parish Council (except for emergency procedures) is authorised beforehand 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 above).</p>	<p>Monthly</p>	<p>The Clerk and designated Councillors are responsible.</p>
Bank Reconciliation	<p>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 Chairperson initials the statements to confirm that it has been seen and agreed.</p>	<p>Monthly</p>	<p>The Clerk and Chairperson are responsible.</p>
Budgetary Controls	<p>Quarterly summaries of budget and expenditure to date are provided to members of the Finance Committee. Decisions on project expenditure is decided by Full Council and minuted, sometimes 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. Any expenditure over budget is met from</p>	<p>Quarterly or as and when Finance Committee meetings are held.</p>	<p>The Clerk and members of the Finance Committee and the Full Council are responsible.</p>

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	the Council's adequate Reserves, in accordance with the Council's Reserves Policy		
Reserve Policy	HPC has a separate Reserves Policy	The policy is reviewed regularly by the Council.	Full Council
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 reviewed annually, to ensure adequacy of cover. The Council is currently in 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.	Annually or when assets change. The insurance company is advised of changes as required.	Clerk and authorised signatories.
Leases	Payment of the Parish Council's lease for the Parish Office is made annually by BACS payment to the Village Hall Committee. Payment of the play area lease of a peppercorn rent (if demanded) . This has never been demanded by Kindergarten Trust, the landlords.	Annually	Clerk and authorised signatories.
Risk Management	A General Risk Assessment is carried out annually by the Clerk and Finance Committee and the results reported to Full Council for acceptance. Each of the Parish Council's assets has an annual review of its Risk Assessment, carried out by the Clerk/Assistant Clerk and verified by Full Council. Checks are carried out by the Finance Committee to ensure compliance with this internal control system. The checks cover finance, assets and any other activity deemed necessary. The Internal Financial Control System is reviewed annually	Annually with the Finance Committee reviewing every quarter.	The Clerk and Finance Committee are responsible for all except that the Full Council will review each of the assets.