

Hindlip, Martin Hussingtree & Salwarpe Parish Council

Internal Controls Policy Document (including Emergency Measures)

Adopted 1st November 2021

Emergency Measures – COVID 19

Amendment of Internal Controls to Incorporate Emergency Measures adopted 8th July 2020

Financial Regulations 4.1 – Budgetary Control and Authority to Spend - Amendment to increase the Authority to Spend Limits to £1000

4.1. '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 £500;*
- the Clerk, in conjunction with Chairman of Council or appropriate nominated councillor, for any items below £500'.*

Amendment to increase the Authority to Spend Limits to £1000

Proposed by Cllr. A Thawley and seconded by Cllr. J. Brodrick. The increased limit was unanimously agreed and would be incorporated into the councils control documentation. This resolution would be valid for the duration of the present and for any future emergency situation.

Adoption of Financial Regulation 6.9 (f) - Payment by Bank Transfer

6.9. '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'.

Payment by bank transfer had been in operation since April 2020 in line with section 6.9 (f) and with the agreement of all councillors. The council approved written procedure for the management and governance of on-line payments would be incorporated into the councils control documentation. This method of making payments would extend beyond the current COVID 19 pandemic to become normal working practice. Approval of this practice would be renewed by resolution of the council on an annual basis.

Financial Regulations 10.3 & 11.1 Responsibility for Obtaining Value for Money

Amendment to waive requirement to obtain 3 quotations for the duration of the pandemic

10.3. '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 11.1 below'.

11.1. *Procedures as to contracts are laid down as follows:*

a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency'

An amendment to waive (if necessary) section 10.3 of the adopted Financial Regulations in suspending the requirement to obtain three quotations/estimates for contracts during the course of the pandemic was proposed by Cllr. A Thawley and seconded by Cllr. A. Phillips. The suspension was unanimously agreed and would be incorporated into the councils control documentation. This resolution would be valid for the duration of the present and for any future emergency situation.

Hindlip, Martin Hussingtree & Salwarpe Parish Council

Internal Controls Policy Document

Standing Orders and Financial Regulations

Standing Orders and Financial Regulations were adopted on 18th November 2019 and subsequently updated 8th July 2020 (to incorporate emergency measures due to the COVID pandemic). These regulations are adhered to by the Councillors and Clerk. The 2019/20 control documentation is based upon proposed changes as incorporated in the model standing order regulations published in 2019 by National Association of Local Councils (NALC).

Payment control

All payments are authorised and approved at Council meetings. They are recorded on the computerised cashbook system where they are analysed across columns of expenditure categories. A more formal system of evidencing passing of invoices for payment is being evaluated

S137 expenditure is recorded in a separate column, and is within the statutory limit and the Council's Grants policy.

Value Added Tax (VAT) is clearly identified by being recorded in a separate column on the cashbook. VAT is reclaimed from Her Majesty's Revenue and Customs (HMRC) on-line on a minimum of a 12-monthly basis. HMRC send payments for reclaimed VAT via BACS, a notification statement is sent via the post.

Risk management arrangements

All financial activity is approved at Council meetings and minuted. An annual independent review of financial controls and systems is carried out in the form of an Internal Audit. A summary risk register has now been completed with risks categorised as either High, medium or Low.

The computerised cash book balance and payments are verified and checked against bank statements by nominated councillors on a monthly basis.

The Council is insured by Zurich on a three-year rolling contract (year 1 commenced June 2021). The insurance policy is adequate and appropriate.

Budgetary controls

The Council set their budget on an annual basis and forms the basis of the annual application for Precept. Actual income and expenditure is monitored against budgeted income and expenditure using the management reports produced by the Clerk. Any variance is explained and minuted at Finance and Council meetings.

Reserves may be held for ring-fenced projects and contingencies. Exceptional or excessive reserves to be agreed by the Full Council.

Income control

Income received is recorded in the computerised cashbook and is banked with HSBC. No cash is held at any point and there is no Petty Cash System in operation. Budgeted precept income is paid by Wychavon District Council via BACS in two instalments in

the year, half in April and half in September. The precept amount recorded in the cashbook for agrees with the Council's notification.

Payroll controls

The Clerk is the only paid employee of the Council. A contract of employment is in place for the Clerk and was last reviewed at annual appraisal on 2nd July 2018. Subsequent appraisals had been postponed due to COVID restrictions. Salaries and other payments made to the Clerk are reasonable and are in-line with CALC recommended scales and have been approved by the Council.

Pay As You Earn contributions (and if required potentially National insurance) are calculated by the Clerk. After member authorisation the Clerk pays the deductions calculated to the Inland Revenue on a monthly basis.

Asset control

An Asset Register drawn up on 31 March 2021 of all material assets owned or in the care of the Council disclosed a total value of £25327.00 (£25,777.00 at 1/4/2021). This value reflects assets purchased in recent years and £10 in nominal values of land, old noticeboards, an oak bench and a donated defibrillator. The Asset Register will be kept up-to-date and reviewed annually.

The insurance valuations are not all aligned with the asset register due to the insurance policy only covering the value of the asset and not the value of the land the asset is sited upon.

The value of assets owned or in the care of the Council stated at £25,327.00 as at 31 March 2021 has been entered at section 9 of Section 1 Accounting Statements 2020/21 Total Fixed Assets

Bank reconciliations

Bank reconciliations of the two bank accounts are carried out every month and checked independently by two members the Finance Committee. There have been no unexplained balancing errors during the year

I.T Procedures

Regular system back-up is made and the memory stick is held by a nominated Councillor off-site in a sealed envelope. Password record is also held by a nominated Councillor off-site in a sealed envelope.

Year-end procedures

Accounts are prepared on a receipts and payments basis. The accounts agree to the cashbook totals and there is an audit trail from underlying financial records to the accounts.