



## **BRAUNTON PARISH COUNCIL**

### **Internal Financial Controls**

#### **1. General**

- 1.1 The Council has in place Standing Orders, Financial Regulations and Policies and Procedures which act as the framework for financial and other internal controls within the Council. All staff are required to act in accordance with these rules and regulations when carrying out their duties.
- 1.2 The Responsible Financial Officer (RFO) has a statutory responsibility under Section 151 of the Local Government Act 1972 to “make arrangements for the proper administration of the Council’s financial affairs”.
- 1.3 The Council have adopted Financial Codes of Practice to ensure instructions exist in relation to the Council’s activities.
- 1.4 The Council has developed and is committed to having in place systems and procedures which incorporate efficient and effective internal controls, adequate separation of duties wherever possible, and risk and performance management.

#### **2. Internal Controls**

- 2.1. A system of checks and balances shall be in place to ensure no one person has control over all parts of a financial transaction.
  - 2.1.1. All purchases, payroll and disbursements shall be authorised by full council or the RFO and up to two designated signatories in accordance with Appendix B.
  - 2.1.2. The receipting of customer payments shall be undertaken by the Senior Council Officer or Administrative Assistant a different officer to who raised the sales invoices, wherever possible.
  - 2.1.3. Full Council shall approve and sign payroll overtime payments, expenses and travel claims prior to payment to being made.
  - 2.1.4. The payroll shall be run by the RFO and approved by the Chairman of the Finance and Administration Committee prior to all net salary payments being made.
- 2.2. The Council’s bank statement shall be reconciled quarterly.
  - 2.2.1. The bank reconciliation shall be completed quarterly and filed with the bank statements.

- 2.2.2. The bank reconciliation shall be completed and finalised by the RFO, and the Chair of the Finance and Administration Committee will sign and date the reconciliation.
- 2.3. Holding accounts for tickets and other goods sold on behalf of third parties shall be regularly reconciled.
- 2.4. The Council's corporate credit cards shall be used for business purposes only.
  - 2.4.1. It is strictly prohibited to use corporate credit cards for personal use with subsequent re-imbusement.
  - 2.4.2. Corporate credit cards shall be kept securely when not in use.
  - 2.4.3. All purchases by corporate credit cards shall be supported by a VAT invoice and / or a receipt for the purchase, as applicable.
  - 2.4.4. Purchasing limits as defined by the Scheme of Delegation shall apply when the RFO uses a corporate credit card.
- 2.5. The Council's fuel/charge cards shall be used for business purposes only:
  - 2.5.1. It is strictly prohibited to use fuel/charge cards for personal use with subsequent reimbursement.
  - 2.5.2. All fuel/charge purchases shall include the vehicle registration number.
- 2.7. In no circumstance will any cheque payable to cash be allowed.

### **3. Internal Audit**

- 3.1. The Council shall employ an independent auditor to carry out internal audits of the Council's systems and procedures. Such a review shall seek to ensure that financial controls are operating effectively and provide assurance that the Council's services are operating in an effective, efficient and economic manner.
- 3.2. The Council shall facilitate effective internal audit by enabling full access to its premises and records to enable reasonable tests and checks to be undertaken, and to ensure that the internal auditor is able to request and receive any explanations as are necessary concerning any matter under examination.

### **4. Responsible Financial Officer – Duties and Responsibilities**

- 4.1. The Responsible Finance Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial affairs. the primary RFO's duties and responsibilities are to:
  - 4.1.1. Prepare financial reports for the Council and Committees as required. These reports shall cover budget monitoring, fund balances, receipts, payroll, payments of accounts and other relevant financial matters.
  - 4.1.2. Prepare draft estimates which, when approved by the Council will form the annual budget for monitoring and control purposes, as well as report on comparisons between actual and budgeted expenditure to appropriate committees and the Council.

- 4.1.3. Submit the precept to the unitary authority or any successor principal authority.
- 4.1.4. Control the banking of all money received and payments expended by the Council, manage cash flow and control investments and bank transfers.
- 4.1.5. Ensure that all money due to the Council is invoiced, collected and banked promptly.
- 4.1.6. Identify the duties of all officers responsible for financial transactions and ensure, as far as possible, the division of responsibilities of those officers to avoid potential conflict.
- 4.1.7. Control and manage all payments by BACS, direct debit, cheque and cash.
- 4.1.8. Undertake the overall management of payroll and ensure the timely payment of salaries, income tax and national insurance, other statutory payments, Pension contributions and voluntary deductions at the correct times.
- 4.1.9. Ensure the timely submission of VAT returns.
- 4.1.10. Ensure that all invoices for payment are allocated to the correct expenditure heads.
- 4.1.11. Ensure the timely production of the Annual Return and Accounting Statements for external audit and report to the appropriate committee and Council in accordance with appropriate legislation.
- 4.1.12. Monitor compliance with the Council's Financial Regulations.
- 4.1.13. Maintain the Council's Asset Register as required by paragraph 15.2. of the Regulations.
- 4.1.14. Ensure all appropriate insurances are in place.