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Hawarden Community Council
Internal Financial Controls

General

1. This policy should be read in conjunction with the Council's Financial Regulations and Standing Orders.

2. A scheme for the delegation of powers to the Clerk and Financial Officer to authorise expenditure and make payments is set out below.

Budgetary and Legal Powers for Expenditure

3. Expenditure should only be incurred if there are the necessary powers to undertake the work and there is appropriate and adequate provision within the approved budget. *[subject to Financial Regulation no. 4.1]*

4. Prior to the payment of any invoice / account, the Clerk will ensure that there is appropriate documentation to justify the payment by way of Council authorisation or an approved invoice.

5. At each of its normal meetings, the Council is asked to approve a List of Payments, some of which might already have been processed for payment since the previous meeting.

Process for Payments

6. The Council currently has three Councillors as authorised signatories for cheque payments; cheque stubs also require initialling. The Council authorises the Chair of the Council and the Chair of the Finance Committee (which will change on an annual basis) together with the Clerk and Financial Officer to approve on-line payments and purchases. A list of Authorised Payees will be drawn up as more accounts are settled on-line; a separate pro forma has been designed (copy attached) which will require signature upon the addition of any new payees together with a bank print out of the authorised payee being set up).

7. Salary payments to staff are made by way of bank transfer payment arranged by the Clerk and Financial Officer and subsequently approved by two members (authorised signatories, or the Chair of the Council and the Chair of the Finance Committee).

8. Direct debit payments for services provided to the Council are authorised / arranged by the Clerk and Financial Officer subject to there being appropriate and adequate provision within the approved budget.

9. Details of direct debit payments made are reported to the Council on a monthly basis and shown in the List of Payments. A Council resolution will be sought for any new Direct Debits to be set up.

10. Business Debit Cards have been issued to the Clerk and Financial Officer, Senior Maintenance Officer and the Administrative Assistant; in the case of the latter two the debit cards are for use in the absence of, or on behalf of, the Clerk and Financial Officer and all payments will be authorised by the Clerk and Financial Officer prior to use. All Debit Card payments are subject to a maximum transaction value of £5000. *[subject to Financial Regulation no. 4.1]*

Records of Income and Expenditure

11. Invoices are filed in transaction number order.

12. Expenditure is recorded via the monthly List of Payments and within the accounts RBS software system. All expenditure is recorded within the appropriate expenditure headings and a monthly bank reconciliation is prepared and presented to Members.

13. VAT is recorded separately within the accounts RBS software and reclaimed on a quarterly basis.

14. Income (cash or cheques) received by the Council is recorded on the accounts RBS software and within the appropriate income heading; receipts are provided for all cash income receipts.

15. Income payments made directly into the Council's bank by way of BACS or bank transfer are entered onto the accounts RBS software, within the appropriate income heading and reconciled against the monthly bank statements.

16. The Clerk and Financial Officer and the Administrative Assistant can receive income, issue receipts and present to the bank (in accordance with the Council's Income Policy).

Petty Cash

17. Petty cash is drawn from the Council's bank account to cover miscellaneous and smaller amounts of expenditure for which receipts are obtained. This is drawn usually in amounts of £150 and is recorded within the RBS software accounts. There is also a separate excel spreadsheet recording petty cash transactions. *(Since the introduction of on-line and updated payment methods, the use of petty cash is minimal.)*

Security

18. A number of passwords are required to access internet banking. The Clerk and Financial Officer and the Administrative Assistant are the only Officers authorised to have access to this information with any paper copies of authorisation to be destroyed. The Senior Maintenance Officer and Administrative Assistant have their own pin numbers for the Debit Cards. Pin numbers are not to be shared.

Reporting to Council

19. Regular reports will be made to the Council detailing the progress of income and expenditure against the budget and projections, including monthly bank / cash reconciliations against the bank statements.

Scheme of Delegation

20. Authority is given to the Clerk and Financial Officer to authorise works for any of the services of the Community council, subject to there being the appropriate budgetary provision, and to make the appropriate payment in accordance with these internal financial controls.

21. Any expenditure that is required which results in the approved budget being exceeded should only be authorised with the express approval of the Council or in the event of urgency with the approval of the Chair of the Council and the Chair of the Finance Committee and in accordance with Financial Regulation No 8.