

# **KNOCKIN PARISH COUNCIL**

## **ACCOUNTING PROCEDURES – INTERNAL CONTROLS 2021**

### **1. BUDGET**

In November of each year Members are asked to give consideration to the following Financial Year's budget, projects, schemes, running costs etc.

In January of each year Members agree the budget for the Council and this is duly minuted. A copy of the agreed budget is distributed to all Members; a copy is kept in the Minute File and taken to all Council meetings.

Expenditure is agreed in accordance with the budget remit and is duly recorded and minuted.

The Clerk periodically produces details showing all expenditure against the budget to ensure that the Council are 'on-track' with spending.

### **2. STANDING ORDERS**

The Council has adopted Standing Orders, including Financial Regulations these are reviewed annually in May.

### **3. PAYMENT OF ACCOUNTS**

Accounts are paid, at Council meetings, unless meeting virtually cheques are not signed outside the Parish Council meetings. Every account to be paid is itemised on the agenda against the Cheque No., with a brief description of the payment and amount to be paid. Items of expenditure from the last meeting are also shown with the cheque number in the minutes. Members are aware, from their copy of the agenda, what payments are to authorise; a copy of the agenda goes onto public notice boards so that the electorate is clearly aware of what happens to the precept.

At the meeting the Clerk takes the Invoice file so that Members can see every bill received. The Clerk prepares all the cheques for signature at the meeting these are then signed by two of the Council Members. The amounts on the cheques are checked against the amount shown on the invoices the Councillors, if in agreement, will then sign the cheque, and initial the cheque stub. Both councillors will initial the invoice. All payments made are included in the minutes for the relevant month and approved by the Council in the usual 'confirmation of minutes' procedure; payments will include a minute number if appropriate.

During the period of virtual meetings, cheque books and copies of invoices for payment are taken to cheque signatories houses along with the cheque book for signing.

### **4. DONATIONS TO GROUPS/ORGANISATIONS**

Requests for donations are considered throughout the year. The Council may set aside a specific amount in the budget under donations (Section 137) Local Government Act. The Council will operate a set procedure for awarding donations and gives priority to requests from groups/organisations within the Parish.

## **5. RECORDING OF ACCOUNTS – CLERK’S PROCEDURE**

For every payment made the Clerk has a file showing the payments made. On the file a copy of the bill is kept, plus any receipt for the payment that is received back. In the same way the Clerk records Receipts received and these are recorded in the minutes also.

All payments and receipts are entered on to a computerised Payment and Receipts record every month.

## **6. BANK PROCEDURES**

Bank statements for the Current account is received monthly and the Clerk does bank reconciliation every month. **N.B.** It is important to do reconciliation every month as this highlights matters such as missing bank statements, abnormal bank charges, non-presentation of cheques etc. A nominated councillor checks each bank statement against the reconciliation at each meeting. Receipts are paid into the bank as quickly as possible to maximise the Interest payable.

## **7. VAT**

All VAT paid is entered onto the accounting system. A claim is made annually to the Customs and Excise Office for VAT paid in the previous three months and all payments made are directly credited to the Councils Current Account. The Claim shows a brief detail of the payment, VAT claimed and suppliers VAT Registration No. The accumulative total of VAT should balance with the VAT on the Payments Ledger; this provides a double check that the correct VAT is being claimed.

## **8. CLERK’S SALARY**

The Clerk’s Salary is based on hours of work undertaken together with incremental points for attaining the Clerk’s Qualifications; in this case the HND recommendations laid out by NALC for Part Time Clerks. The rates of pay laid out in the NALC National Scheme for local government workers.

The details of the agreed Salary are recorded in the appropriate minutes accordingly; a copy is also kept separately in the Personnel file. When appropriate, the Clerk is responsible for completing the necessary PAYE returns for the Council to the Inland Revenue and for ensuring that payments of Tax and National Insurance are paid by the required dates.

## **9. TRAVEL EXPENSES**

The Clerk makes out a mileage sheet when travel expenses are incurred detailing journeys made on behalf of the Council. Mileage is paid in accordance with rates set out by NALC, a copy of these rates are kept in the Accounts file for reference. The Mileage sheet is taken to the appropriate meeting for payment with the Clerk’s salary.

## **10. EXPENSES**

The Clerk claims for postage, telephone calls and admin costs, such as printing etc. Details of these are made out on a Miscellaneous claim form and taken to the appropriate meeting to be agreed and signed by the Chairman on behalf of the Council for payment with the Clerk's salary.

**11. ASSETS**

The Clerk keeps details of all property owned by the Council in an Asset's Register. The insurance is increased when necessary to reflect changes.

**12. INSURANCE**

Insurance is renewed in May and is applicable from 1<sup>st</sup> June to 31<sup>st</sup> May. Additional Insurance cover must be taken to cover individual projects and Parish Schemes as necessary.

**13. END OF FINANCIAL YEAR ACCOUNTS**

As soon as the Bank statements are received, up to and including 31 March transactions, the Clerk finalises the end of year Financial Accounts. A Detailed Financial report is placed before Members for their approval and a copy of the new Annual Return, which is sent to the internal auditor, prior to submission to the external auditor, is also available to each Council Member.

The completed accounts are presented, at the earliest opportunity after 31<sup>st</sup> March, for approval by the Council, both the Chairman of the Council and the Responsible Financial Officer (the Clerk) signs the Balance sheet and the new Annual Return, this is duly recorded in the relevant minutes.

**14. AUDIT**

As the Parish Council usually has an annual turnover of under £25K on receipt of the Annual Return at the May meeting of the council, the Parish Council will decide whether to return the certificate of exemption or request a Limited Assurance Review is undertaken.

All relevant documentation relating to the audit will be advertised on the Parish Council Noticeboard and website.

**15. INTERNAL AUDITOR**

In 2021 the Council appointed an Internal Auditor: -

Mr Bernard Townson,  
Kelvindale  
Chapel Lane  
Knockin Heath  
SY10 8E

Mr Townson is not related in any way to any Council Member or the Clerk

**16. EXTERNAL AUDITOR**

PKF Littlejohn