

NATC FINANCIAL OPERATING PROCEDURES and INTERNAL CONTROLS

This procedure supports the internal control policy. The policy describes the purpose, internal control environment, responsibilities and there is an annual review of its effectiveness. This procedure must be used in line with the most recent proper practices and Financial Risk Assessment.

Subject	Procedure	Action	Authorised in Writing	Frequency	Internal Control by RFO	Review by O&R for Council
INCOME & DEBTORS						
Precept	Timely preparation of Precept request	<ul style="list-style-type: none"> •Request budget from all Committees •Prepare budget 	RFO/Chair	Annually	<ul style="list-style-type: none"> •RFO confirms to O&R Precept demand is sent •Payment deposited in bank account Bi annually 	Check Precept and receipt in bank account
Lease/License income - not invoiced					Check income is on time	Analytic review of accounts for completeness
Lease/License/utility income - invoiced	Raise invoice per schedule		Clerk	Per schedule	Debtors review	Analytic review of accounts for completeness and debtor review
FIT	Minimum quarterly readings to be taken	<ul style="list-style-type: none"> •Submit FIT readings •Raises VAT invoice 	Clerk	Quarterly	Utilities control sheet regularly reviews	Analytic review of accounts for completeness
Interest income				Monthly	Check income v balance	Analytical review
CIL income	Monitor CIL due income	Liaison with WCC		6 Monthly	Monitor CIL due income	Review CIL income with WCC at year end
Grant income	Apply for Grants as appropriate	Clerks to consider grant applications for all projects			RFO to inform O&R of all grants applied for	Analytical review
All other income - Must be invoices	Allotments, Hanging baskets, Troughs, Hire charges etc	Reconcile income received to membership list	Clerk	Per Schedule	Reconciliation periodically to expected total. Review debtors	Analytic review of accounts for completeness and debtor review
Credit Notes	Must be clear why a credit note is needed. RFO must agree		RFO up to £500, then O&R above that			Year end review of all credit notes
Cash Received	<ul style="list-style-type: none"> •Receipt issued in sequential receipts book with copies •Stored in lock box •Recorded in accounting system 	Deposits banked weekly	RFO to sign all cash receipts	Weekly	Spot checks to be conducted	Quarterly review to bank statements along with Petty Cash
Cheque received	<ul style="list-style-type: none"> •Receipt issued in sequential receipts book with copies •Stored in lock box •Recorded in accounting system 	<ul style="list-style-type: none"> •Deposits banked weekly. • Any items not identified against debtors to be Journalled onto account and Journal signed by RFO 		Monthly	Spot checks to be conducted	
Income received into bank account		<ul style="list-style-type: none"> •Deposits banked weekly. • Any items not identified against debtors to be Journalled onto account and Journal signed by RFO 				

EXPENDITURE & CREDITORS						
Petty Cash	Maximum £100.00 float, Impress system applied To be used for small value incidentals only Replenish as and when required	<ul style="list-style-type: none"> •Receipts attached to Voucher •Reimbursement made and witnessed by another •Counter withdrawals to be authorised by 2 signatories 	RFO	Monthly		Quarterly spend review
Debit card	Maximum spend £1000.00 per month Debit card kept securely by Town Clerk For use only by Town/Deputy Clerk in relation to council business Any additional spend requires Town Council approval	<ul style="list-style-type: none"> •Invoices/Receipts to be clearly marked DC purchase - PAID •Reconcile debit card expenditure against bank statement •O&R Committee to monitor Debit Card transactions. 	RFO	Monthly	RFO to report spend not settling approved invoices	Quarterly spend review
Orders/Invoice - Office	Check spend will not be over budget and is less than £1000	Above £1000.00 to be referred to F&F Committee for approval	RFO		Review of payment list	<ul style="list-style-type: none"> ◆Analytical review. ◆Review of monthly payments lists. ◆Annual full invoice review
Orders/Invoice - up to £1000	<ul style="list-style-type: none"> •Check spend will not be over budget. • Estimates per Fin Regs 		RFO and Committee Chair		Review of payment list	Analytical review. Review of monthly payments lists. Annual full invoice review
Orders/Invoice - £1001 - £5000	3 quotes required and not over budget.	Order/Invoice to be reconciled against resolution in minutes	<ul style="list-style-type: none"> •Delegated Committee chair with minute reference. • Clerk to sign that goods/services have been received. 		Review of payment list	<ul style="list-style-type: none"> ◆Analytical review. ◆Review of monthly payments lists. ◆Annual full invoice review
Orders/Invoice - Over £5000	3 quotes required and not over budget.	Order/Invoice to be reconciled against resolution in minutes	<ul style="list-style-type: none"> •Chair and RFO with minute reference. •Clerk to sign that goods/services have been received. 		Review of payment list	<ul style="list-style-type: none"> ◆Analytical review. ◆Review of monthly payments lists. ◆Annual full invoice review
Orders/Invoice - Emergency spend up to £1000	As required		<ul style="list-style-type: none"> •RFO followed by Delegated Committee chair with minute reference. •Clerk to sign that goods/services have been received. 	Monthly		<ul style="list-style-type: none"> ◆Analytical review. ◆Annual full invoice review
Expenses	Apply to both Councillors and Employees	<ul style="list-style-type: none"> •Employees to submit mileage and expenses claims monthly on appropriate forms. •Councillors claim from petty cash •Expenses to be authorised prior to payout 	<ul style="list-style-type: none"> •RFO, Vice Chair O&R com to sign off RFO's •RFO to sign off Councillors expenses 	Monthly		Included in full annual invoice review

Salaries/PAYE/NI	Utilise Payroll services Notify Payroll services of any changes in circumstances of any member of staff immediately	<ul style="list-style-type: none"> •Monthly submissions to Payroll services •Year end returns to HMRC are met including P35,P11D &P60 •Year on year review including NI, PAYE, Pension etc for presentation 	RFO and any changes to salaries the Chair	<ul style="list-style-type: none"> •Monthly •Annual 		<ul style="list-style-type: none"> ◆Reconcile to payroll budget. ◆Analytical review
Pension	Ensure legal obligations in relation to pension scheme arrangements are met	<ul style="list-style-type: none"> •LGPS - Monthly remittance to Hampshire Pension •NEST to payroll services •End of year returns submitted 	RFO and changes to salaries the Chair	<ul style="list-style-type: none"> •Monthly •Annual 		<ul style="list-style-type: none"> ◆Reconcile to payroll budget. ◆Analytical review
Grants	Only to be paid against Full council minutes	Sign receipt from receiving body obtained	RFO	As required		Analytical review
VAT	VAT claims	Submit VAT claims via HMRC RTI	RFO	Quarterly		Annual review of control accounts
Ongoing Contracts	All ongoing contracts to be reviewed, includes all office contracts and open space contracts	<ul style="list-style-type: none"> •Ensure remains fit for purpose 	Approved at Council (April)	Annually		Review all non invoiced costs annually
Cheque/Deposit bank book	All Bank books to be stored in locked cabinet	<ul style="list-style-type: none"> •The use of Cheques to be discouraged •Deposit book to be completed for all bank deposits. 	Sign by one councillor and a clerk against approved invoices	Monthly		Bank statements to be reviewed with attention to cheques
Direct debit	Town/Deputy Clerk to set up Documents setting up the payments must be retained	To be reconciled against invoice	Sign by two councillors	Monthly	Annually list of DDs and SOs presented to O&R Com	
Standing order	Town/Deputy Clerk to set up Documents setting up the payments must be retained Committee approval required and	To be reconciled against invoice	Sign by two councillors	Monthly	Annually list of DDs and SOs presented to O&R Com	
Internet banking	NATC when cancelling/transitioning services ensure payments are cancelled.	<ul style="list-style-type: none"> •Clerks to ensure sufficient notice provided so as to not make over/double payments 	Sign by two councillors	Annually	Bank Rec to be presented month to O&R Com and Council	<ul style="list-style-type: none"> ◆To be reviewed by Vice Chair O&R Committee quarterly and signed off. ◆Copy all bank statements to Chair of Council for review

ASSETS & LIABILITIES

Bank Accounts	All NATC accounts to be reconciled against bank statements	<ul style="list-style-type: none"> •Bank reconciliations to be completed •Payments List to be prepared •Prepare year on year accounts against budget. •Written explanation required for variances over 10% 	Banks rec approved by RFO	Monthly	Bank Rec to be presented monthly to O&R Com and Council	<ul style="list-style-type: none"> ◆To be reviewed by Vice Chair O&R Committee quarterly and signed off. ◆Copy all bank statements to Chair of Council for review
Transfer between Lloyds banks accounts	Month cash flow estimates to be prepared by RFO.	RFO to request funds transfer with evidence	RFO	As required	Ensure transfer is completed	<ul style="list-style-type: none"> ◆To be reviewed by Vice Chair O&R Committee quarterly and signed off. ◆Copy all bank statements to Chair of Council for review
Transfer other banks accounts	Month cash flow estimates to be prepared by RFO.	RFO to request funds transfer with evidence	Sign by two councillors	As required	Ensure transfer is completed	<ul style="list-style-type: none"> ◆To be reviewed by Vice Chair O&R Committee quarterly and signed off. ◆Copy all bank statements to Chair of Council for review.
Asset Register	Revise Asset Register	Prepare year on year report	RFO	Annually		Annual review by O&R Committee
Debtors ledger	Quarterly review of outstanding sums		RFO	Quarterly		To be reviewed by Vice Chair O&R Committee quarterly and signed off.
Debtors write off	RFO to recommend to Full Council debtor write offs with explanation	Debtor must be contacted at least 3 times in writing to recover debt before any further action is taken	Approved at Council	Quarterly	•RFO can write off debts up to the value of £2.00	Annual review of all journals
Creditors Ledger	RFO to review overdue payments	Recommend to O&R Com why payment should not be made	O&R Com minute	Quarterly		
Accruals and Prepayments	Accruals and Prepayments in order	<ul style="list-style-type: none"> •Review for adequacy •Amend as required 		Annually		O&R Committee review and agreement
OTHER						
Correcting and adjusting journals	Detail with explanation		RFO		Present annually to O&R Com	Annual review of all journals
Monthly accounts	RFO to present months accounts with explanation of material monthly and YTD variances	<ul style="list-style-type: none"> •Review O&R Com •Approved at Council 	<ul style="list-style-type: none"> •RFO •Chair 	Monthly	Monthly transactions authorised and signed by RFO	Analytical Review
Monthly trends v last year	RFO to prepare monthly I&E for current and last year to identify unusual items and trends		<ul style="list-style-type: none"> •Review O&R Com •Approved at Council 	Monthly		Analytical Review
Reforecasts	RFO to present revised annual forecast at least 6 monthly with explanations against latest budget/forecast		<ul style="list-style-type: none"> •Review O&R Com •Approved at Council 	Biannual		Analytical Review
Annual accounts	RFO to present Annual account with explanations of material variances against the original council budget	Approved at Council	<ul style="list-style-type: none"> •RFO •Chair 	Annually		Analytical Review

Annual Budget + 3 year forecast	RFO to prepare annual budget and forecast in a timely manner	Approved at Council	•RFO •Chair	Annually		Analytical Review
Project and Ah Hoc analysis	RFO to provide project updates and ad hoc analytics (eg utilities) as RFO deems necessary or as requested by O&R Com or Council		RFO		Review by O&R Com	Analytical Review
Risk Registers	RFO to update annually	Approved at Council	RFO		Review and testing by O&R Com	Annual review
Internal Audit	Internal Auditor visits 2 x year	•Internal Audit report to be shared with Town Council •Action Internal Audit recommendations		Annually		O&R Committee to be inform of result and issues
External Audit	•Prepare end of year accounts •Prepare AGAR Section 1 and 2	•Prepare AGAR •AGAR to be approved at Town Council •Submit AGAR to Auditors		Annually		O&R Committee to be inform of result and issues
Elector review	Notices issued advising of time frame	Appointments to be agreed with elector	RFO	Annually		O&R Committee to be inform of result and issues
Off Balance sheet liabilities	RFO to prepare annual update as part of budget process	Noted at Council	RFO and O&R Com	Annually		O&R Committee to review as part of the budget process
Review Internal Controls	Review Controls	Consider previous year and amend as required/legislation/best practice	RFO and O&R Com	Annually		O&R Committee to review
Self Assurance	Review Controls	•Dip sample of payment procedures to test robustness of system. • Report findings to O&R Committee	Member	Biannual		O&R Committee to review

Version Control

Version	Owner	Date Approved	Minute Ref	Website updated	Next Review
V1 2022	Town Council	25/01/2022	21/205	22/03/2022	Q1 2023