

## HOLME-NEXT-THE-SEA PARISH COUNCIL

### INTERNAL FINANCIAL CONTROLS REVIEW

ITEM	RISK	CONTROL
PETTY CASH	Misuse of cash.	<ul style="list-style-type: none"> <li>▪ No petty cash available for purchase of incidentals e.g. postage, stationery.</li> <li>▪ Petty cash consists of £2 required for heating at Parish Council meetings.</li> </ul>
EXPENSES	Erroneous claims.	<ul style="list-style-type: none"> <li>▪ All Councillor expenses and Clerk's travelling expenses to be supported by appropriate receipts.</li> <li>▪ Parish Clerk claims re-imburements for office incidentals e.g. postage, stationery on monthly salary invoice with supporting receipts.</li> </ul>
ORDERS	Improper orders.	<ul style="list-style-type: none"> <li>▪ Orders placed by either Parish Clerk or Councillors following agreement by Parish Council recorded in Minutes.</li> </ul>
INCOME	Inaccurate banking.	<ul style="list-style-type: none"> <li>▪ Cash income source is only from £1 coins emptied from electricity meters in main hall and meeting room of the Village Hall (commenced February 2019). Cash emptied is counted/recorded by two Councillors or one Councillor and RFO. Cash banked by RFO.</li> <li>▪ Main income credited direct to bank account e.g. rental, grant, bank savings interest and VAT reclaim.</li> <li>▪ Wayleave income payable by cheque and banked by RFO.</li> </ul>
DIRECT DEBITS / STANDING ORDERS	False instructions.	<ul style="list-style-type: none"> <li>▪ Direct Debit / Standing Order list reviewed and agreed annually by Parish Council.</li> </ul>
CHEQUES / ONLINE PAYMENTS	Payment errors.	<ul style="list-style-type: none"> <li>▪ Cheques / online payments drawn / created by Parish Clerk / Responsible Finance Officer who is not a cheque / online signatory.</li> <li>▪ Proposed payments listed on Monthly RFO Report and presented at Parish Council Meeting.</li> <li>▪ Agreed payments included in meeting Minutes (payee, reason, amount and cheque number).</li> <li>▪ Two out of three nominated Councillors are cheque signatories.</li> <li>▪ One out of three nominated Councillors are online signatories</li> <li>▪ Invoices presented with cheques / online payment for signature / authorisation and signed by at least one cheque / online signatory as authorisation.</li> <li>▪ Cheque counterfoil initialled by the two Councillors signing cheque.</li> </ul>
EMPLOYEE PAYMENTS	Non-fulfilment of HMRC	<ul style="list-style-type: none"> <li>▪ Parish Clerk / Responsible Finance Officer is the only Parish Council employee.</li> </ul>

	requirements.	<ul style="list-style-type: none"> <li>▪ Payroll run by accountants James Johnson &amp; Co. (Accountancy) Ltd who provide all records required by HMRC and establish separation of duties.</li> <li>▪ Monthly invoice presented by Parish Clerk /RFO for salary and re-imburements supported by wage slip and receipts.</li> </ul>
BANK	Incorrect instructions.	<ul style="list-style-type: none"> <li>▪ Simple Servicing Authority completed by Councillors to enable Parish Clerk / RFO to receive Bank Statements and raise queries.</li> <li>▪ All other transactions require written instructions from appropriate cheque / online banking signatories including giving instructions to transfer funds from one account to the other.</li> </ul>
ACCOUNTS	False records.	<ul style="list-style-type: none"> <li>▪ Responsible Finance Officer maintains Excel Spreadsheet Cash Book listing all transactions referenced to Minutes recording agreement.</li> <li>▪ Independent Councillor reviews monthly bank reconciliations, checking entries to bank statements and authority for payments to minutes. Also checks invoices are signed/initialled by one Councillor and cheque stubs are initialled by the two Councillor cheque signatories.</li> <li>▪ RFO maintains Accounts Spreadsheet recording summary of income and expenditure.</li> <li>▪ The above records and supporting documents are available at Parish Council meetings when audited annual accounts are presented.</li> <li>▪ Unaudited accounts are presented to Councillors three times between each audit period.</li> <li>▪ All records are available for inspection by Councillors at any time if required.</li> </ul>
AUDIT	Inappropriate external inspection.	<ul style="list-style-type: none"> <li>▪ Annual audit carried out by internal auditor appointed by Parish Council.</li> <li>▪ Internal auditor known personally to Councillors.</li> <li>▪ Annual Report and external audit carried out under instruction from Audit Commission.</li> </ul>
BUDGET	Ineffective Planning.	<ul style="list-style-type: none"> <li>▪ RFO presents proposed Budget at January Parish Council meeting for approval.</li> <li>▪ Parish Precept set following Budget agreement.</li> <li>▪ RFO presents Budget monitoring quarterly with accounts.</li> </ul>
FINANCIAL REGULATIONS	Inadequate financial control.	<ul style="list-style-type: none"> <li>▪ Norfolk Association of Local Councils (NALC) format for Parish Council Financial Regulations adopted.</li> <li>▪ Annual review of adopted Financial Regulations.</li> </ul>

Reviewed and updated by Responsible Financial Officer, D. Watkins 10/05/2023

Review: 6 May 2025