

**Penrice Community Council:  
Accounting Records and Systems of Internal Control  
at 20.02.2019**

**1.0 Introduction**

1.1 The Council maintains procedures to:

- Manage Bank Account(s)
- Manage Budget
- Manage Reserve
- Manage Precept
- Manage Expenditure
- Manage Accounts Records

1.2 Unless otherwise stated information required to be made available may be presented to Council at a meeting, sent by email to every Councillor or displayed in the designated area of the Council website.

**2.0 Manage Bank Account(s)**

2.1 The RFO shall make available to Council the following:

- details of the accounts held
- terms of accounts held
- level of control held by any designated person including Clerk, RFO, authorised signatories and named persons
- names of such designated person

2.2 The RFO shall ensure that the bank mandate only permits expenditure to be made through cheques signed by two authorised signatories. No other means of payment shall be allowed.

2.3 The RFO shall update the authorised signatories on the approval of Council. All existing signatories shall be removed and all ongoing and new signatories shall be dealt with as one application. It is not otherwise permitted to add signatories. The RFO shall not be an authorised signatory.

2.4 The RFO shall receive paper statements monthly and make these statements available to Council. (See also 6.0 Manage Expenditure and 7.0 Manage Accounts Records.)

2.5 Authorised signatories shall ensure they only sign cheques after expenditure has been approved in a properly convened meeting of the Council and after each cheque and counterfoil has been completed.

2.6 The RFO and another designated person shall independently carry out the following checks on each statement received:

- name is Penrice Community Council
- address is agreed address
- bank a/c number is consistent
- bank a/c type is consistent
- period is consistent with issue date
- statement number follows on from previous
- statement issued at expected interval
- closing balance for one statement is opening balance of next

2.7 The RFO will advise Council of any problems arising with a bank account including but not limited to:

- checks carried out above
- non-receipt of bank statement
- incorrect or missing transactions
- proposed or actual changes in terms.

### **3.0 Manage Budget**

3.1 The RFO will prepare a draft budget in time for the December meeting on an incremental basis using:

- budget of previous year
- known and anticipated expenditure in the previous year
- known changes to expenditure
- provision for contingency
- level of reserves
- value being offered for precept

3.2 In December the Council will consider, modify and approve a budget and give reasons for any variation from advice given by the RFO.

3.3 In December (and at any other time considered necessary) expenditure will be reviewed against budget.

### **4.0 Manage Reserve**

4.1 Any funds held not included in the annual budget will be considered reserves and the RFO will inform the Council of the level periodically.

4.2 The Council shall not hold funds in reserve greater than the annual precept without reason. Where this is the case funds should be designated or earmarked for specific purposes.

## **5.0 Manage Precept**

- 5.1 The Council shall consider the impact of their budget on the precept.
- 5.2 In December the RFO shall advise Council of the designated time for notification of the precept to the local authority. The RFO shall keep the Council informed of progress at each meeting until the first precept instalment has been received and then again when subsequent instalments are due.
- 5.3 The RFO shall advise the local authority of the precept set in the designated manner and by the designated time.

## **6.0 Manage Expenditure**

- 6.1 The RFO shall advise Council on whether there is a legal right to make specific expenditure. The right under which unusual expenditure is made shall be noted.
- 6.2 The RFO shall advise Council of the Section 137 limit for the year and shall make a record of such expenditure through the year to ensure this limit is not exceeded.
- 6.3 Council shall identify proposed expenditure when preparing the budget and shall subsequently only consider agreeing additional expenditure where there is sufficient capacity through reallocating funds from within the budget or from reserves.
- 6.4 When proposed expenditure would result in the budgeted sum for a budget category being exceeded approval must be given by Council to make a reallocation.
- 6.5 Council shall consider for each item of potential expenditure the most suitable way to specify the requirement and to fill the requirement to optimise the outcome and gain value for money. Local enquiries and invitations to quote, web searches, etc should be considered. For expenditure over £50000 procurement shall be through formal tender following recommended good practice.
- 6.6 When expenditure is approved for payment the purpose and sum must be noted in the minutes or the related expenditure record along with a descriptor for annual or frequent transactions so that the entry is unique (eg year or month, year). Internal records presented at meetings and not otherwise logged shall be signed and dated by the Chair of the meeting. (See also 7.0 Manage Accounts Records.)
- 6.7 The RFO shall organise settlement using the unique reference where appropriate (eg on cheque stubs) and shall obtain a receipt or other evidence of fulfilment.

## **7.0 Manage Accounts Records**

- 7.1 The RFO shall maintain records of account reflecting receipts and payments on a day-to-day including:
  - starting balance for each account at 31/03
  - transfers between accounts
  - receipt including precept
  - payments (with unique reference where appropriate)
  - closing balance for each account at 31

- 7.2 The RFO shall check that every transaction on a bank statement is included in these records.
- 7.3 Another designated person shall check that every transaction on a bank statement is for an authorised transaction.
- 7.4 The RFO should also keep a record of expected receipts and authorised expenditure to enhance the above records for forward planning.