

Langley with Hardley Parish Council

Report: Latest Update on Parish Council's HMRC Access and Penalty Notice

Date: November 7, 2023

Prepared by: Clerk and Responsible Financial Officer

I. Introduction

This report provides an overview of Langley with Hardley Parish Council's recent activities regarding access to HMRC's online account and the penalty notice issued by HMRC.

II. Penalty Notice Status

The penalty notices issued by HMRC has been successfully addressed. The Council has now paid the penalty charges in full, resulting in a current HMRC account balance of zero. This action ensures that no further financial liability arises from these specific penalties.

III. Payroll Functions Management

To mitigate the risk of future penalties and to enhance the overall management of financial matters, Langley with Hardley Parish Council has transferred all payroll functions to the Norfolk Association of Local Councils. This strategic decision leverages their expertise in payroll management, contributing to compliance with tax regulations and monthly reporting.

IV. Access Control

It's important to note that neither Councillors nor the current employee of Langley with Hardley Parish Council presently has access to the HMRC employer account which exposes the Council to certain vulnerabilities associated with account management. Despite numerous calls by the Clerk to the HMRC this has not been rectified and it would be wise for a different approach to be taken.

V. Proposed Course of Action

In response to the access control challenges and to ensure the Council's continued compliance with tax regulations, several actions are recommended:

1. **Access Delegation:** Consider appointing a specific individual or establishing a designated team responsible for the ongoing management and monitoring of

the HMRC account. The Clerk would like to work as a team with a designated Councillor in gaining access to the HMRC Employer account.

2. **Regular Training:** Provide training to the Clerk, focusing on the proper procedures for HMRC account management, payroll processing, and compliance. This will ensure that those handling these tasks have the necessary knowledge and skills. This is less important now that Norfolk ALC is handling payroll, but a consideration for the future.
3. **Regular Audits:** Implement a system of regular audits to monitor compliance with tax regulations and promptly address any discrepancies. These audits will contribute to proactive risk management and regulatory adherence. It is suggested that a nominated Councillor goes into the HMRC employer account twice a year (once access is granted) to check all is in order.

VI. Conclusion

The payment of the penalty charge and the transfer of payroll functions to the Norfolk Association of Local Councils have resolved the immediate concerns. Implementing the proposed course of action will help ensure the secure management of the HMRC account, compliance with tax regulations, and the mitigation of potential risks. The Parish Council is encouraged to discuss and agree upon the appropriate course of action during the upcoming meeting on November 7, 2023.