

## **INTERNAL FINANCIAL CONTROLS POLICY**

**Adopted 7<sup>th</sup> February 2023**

Min Ref: 2023-02 13a

### **1. Background**

The Responsible Financial Officer (RFO) is responsible for ensuring that the Council's day-to-day finances are run properly, but it falls to Council members to exercise a proper and reasonable degree of control over financial matters.

An Internal Control Officer shall be appointed annually by the Council. The Control Officer should not be a signatory on the Bank Account to ensure segregation of duties.

### **2. The Policy**

Wootton Parish Council carries out the following internal control procedures:

#### **Monthly:**

1. The Clerk/RFO provides a list of payments due and receipts received prior to the meeting for Councillors to review.
2. The Internal Control Officer, or in their absence, another member of the Council, shall review the documents to verify the details on the Payment Schedule against the hard copy invoices and shall confirm to Full Council under the relevant item on the Agenda, the accuracy of the Payment Schedule.
3. All payments are approved at Council meetings unless an emergency payment is required / regular payment – in which case the Council will follow the procedures in the Council's approved Financial Regulations. Any such payments made between meetings shall be included in the next schedule of payments for review by the Parish Council.

#### **Quarterly:**

1. The Clerk/RFO provides a bank reconciliation, showing agreement between the bank balance and cashbook amounts and a summary of the Council's financial status. A hard copy of this, together with the bank statements, will be signed by the Internal Control Member.
2. The Clerk/RFO will circulate a financial review showing year to date expenditure against budget (Net Position). This document will be approved by full Council. Any anomalies will be recorded in the minutes of the meeting.

#### **Annually:**

1. The Council appoints and uses the internal audit (IA) services of a competent and independent auditor, who checks that the Council's internal controls are adequate and working effectively. The IA should be appointed as soon as practicable after the start of the new Financial Year.
2. The IA is conducted annually as a minimum and the Audit Report forms part of the Annual Return.
3. At the annual Finance and General Purposes Committee budget review meeting in November, the Committee Checks the following and reports to Full Council:
  - a. All anticipated income is received
  - b. Expenditure is broadly in line with budgets
  - c. VAT is reclaimed at least annually.
  - d. Any financial anomalies are resolved with the Clerk/RFO.

4. Financial Regulations and Risk Assessments are reviewed annually, updated as required and approved by full Council.

**General:**

- The Council does not keep any cash and has no petty cash.
- The Clerk is the bank account main administrator, keeps the cheque and paying-in books, but cannot authorise payments independently.
- Cheques are signed by two Councillors and the counterfoil initialed.
- The Payments and Receipts list, as approved by the Council, shall form part of the minutes.

### **3. Payment Procedures - Online Banking**

Following a meeting of the Council where the list of payments is approved, the Clerk shall enter all BACS payments on the online banking system (Unity Trust Bank) ready for approval and shall notify all the signatories when this is complete. A second level of authorization by a bank signatory is required for the payments to be released from the bank. This member must check that the correct amounts have been entered against the correct payee and are in accordance with the approved payment schedule.

Periodic checks shall also be undertaken to ensure that the Payee details match those on the original invoices. Should any anomalies be identified, payment must be cancelled to enable the Clerk to correct any error. The Clerk shall be informed of this immediately. Where the authorizing member suspects fraud, this shall be reported to the Chairman of the Parish Council for further action to be taken.

All valid payments must be authorised online within three days of the meeting at which they were approved.

### **4. Payment Procedures – Payment Card**

The Parish Council holds a Prepaid Payment Card. This is held in the Clerk's name. The card is to be used for the following purposes:

- Online Purchases which require a debit/credit card to be used. Any spending must be in accordance with the Financial Regulations.
- Repeat payments which require a credit/debit card such as website subscription. All such items to be agreed annually at the Annual Parish Council meeting.
- Store purchases for small items required for Parish Council business where otherwise the Clerk would use their own funds and claim the purchase back as expenses.

Maximum balance held on the card for normal purposes not to exceed spend limit of Clerk in conjunction with Chairman as per Financial Regulations. Any payments exceeding this must be approved at a meeting of the Parish Council or Finance and General Purposes Committee and be agreed as a card payment. Transfers made to the card are approved by two bank signatories.

**Wootton Parish Council Internal Control Checklist**

All completed inspections must be handed to the Clerk for filing and retained for a period of 12 months.

<b><u>TASK</u></b>	<b><u>SEEN Y/N</u></b>	<b><u>COMMENT</u></b>
<b>FINANCIAL</b>		
Bank Statements Filed		
Bank Reconciliation for current a/c completed for previous quarter		
Payments up to date		
Receipts up to date		
Date of last VAT refund		

<b><u>TASK</u></b>	<b><u>SEEN Y/N</u></b>	<b><u>COMMENT</u></b>
<b>PAYROLL / STAFF</b>		
Monthly Payroll completed		
Payments made online in accordance with terms set		
Tax and NI up to date		
Date of last pay review		

<b><u>TASK</u></b>	<b><u>SEEN Y/N</u></b>	<b><u>COMMENT</u></b>
<b>MINUTES</b>		
Minutes signed, dated and filed from previous month including Committees		

<b><u>TASK</u></b>	<b><u>SEEN Y/N</u></b>	<b><u>COMMENT</u></b>
<b>MISCELLANEOUS</b>		
Website up to date		
Noticeboards up to date		
Financial Risk assessments up to date		

Counillor: \_\_\_\_\_ Clerk: \_\_\_\_\_

Date: