

Northmoor Parish Council

Internal Financial Controls Policy – Adopted 3 September 2024

1. **Objective:**

1.1. To safeguard the Council's funds and to minimise risk.

2. **Policy:**

2.1. On a regular basis, at least three times a year, including at the financial year end, a Councillor other than the Chairman or a payment authoriser / cheque signatory, shall be appointed to verify bank reconciliations for all accounts produced by the Council's RFO. The Councillor may have electronic access to the bank accounts for administration purposes but should not authorise payments or sign cheques during their term as Councillor Responsible for Internal Financial control.

2.2. The Councillor shall sign the reconciliations and the original bank statements, or a similar document as evidence of verification. This activity, when completed will be reported, including any exceptions, to and noted by the council.

3. **Procedure:**

3.1. An Internal Financial Control Checklist is provided.

- a. once the check is completed, the appointed Councillor should complete and sign the coversheet of the Internal Financial Control Checklist;
- b. the RFO shall sign the Checklist once inspection has finished;
- c. any comments will be reported back to Council, minuted and actioned.

4. **General Responsibilities:**

4.1. **The Council's Responsibility (as provided in the Annual Governance and Accountability Report (AGAR) Form)**

a. It falls on the Councillors to exercise a reasonable degree of control over financial matters. Particularly as, during the completion of the Annual Return, Councillors have agreed the following:

b. We acknowledge as the members of Northmoor Parish Council, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2025, that:

- We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements. *i.e.:* *prepared its accounting statements in accordance with the Accounts and Audit Regulations.*
- We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its

effectiveness. *i.e.: made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.*

- We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances. *i.e.: has only done what it has the legal power to do and has complied with Proper Practices in doing so.*
- We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. *i.e.: during the year has given all persons interested the opportunity to inspect and ask questions about this authority's accounts.*
- We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required: *i.e.: considered and documented the financial and other risks it faces and has dealt with them properly.*
- We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. *i.e.: arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this authority.*
- We took appropriate action on all matters raised in reports from internal and external audit. *i.e.: responded to matters brought to its attention by internal and external audit.*
- We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements. *i.e.: disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.*
- Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit. *i.e.: has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.*

4.2. **Clerk / RFO's Responsibility**

a. It is the Clerk / RFO's responsibility to ensure that proper internal controls are set up and adhered to in accordance with the Financial Regulations. These controls must ensure that:

- income and expenditure are in accordance with budgets;
- all income that is due is actually received;
- expenses have been properly authorised before being paid;

- the books of account are maintained on a regular basis and are regularly reconciled.
- b. It is for the Clerk to present a statement to every meeting showing the Council's bank balances, etc and, three times a year, a statement showing the Council's detailed budget compared with the income and expenditure to date.
- c. The Clerk / RFO must sign Section 2 of the AGAR prior to the meeting to certify that the Accounting Statements are correct.

4.3. **Internal Financial Control – Council's Responsibility**

- a. As stated above, the Council will appoint a Councillor Responsible for Internal Financial Control annually at the May meeting.
- b. It is the Council / Councillors' responsibility to:
- carefully scrutinise all invoices and other supporting documents against the list for payment submitted at the Parish Council meeting prior to the signing of the cheques or authorising the online payments;
 - check to ensure that the cash book (and any other accounting records) are being correctly written up and are mathematically correct;
 - check that the bank reconciliation is completed regularly;
 - check to ensure that all income due is actually received;
 - check that the payroll records are up-to-date;
 - check that the financial statements produced to Council agree with the accounting records.
- c. Not every item has to be checked, but sufficient tests should be made to enable the person carrying out the tests to be satisfied that the accounting records are correctly maintained. A log should be kept of all the checks made including 'what, when and by whom' and reported to the Parish Council.
- d. It is recommended that one or more Councillors should undertake these routine checks to ensure that the account books are being kept properly, but that one Councillor should undertake the task for at least a period of six months to ensure continuity and should not authorise any payments during the length of their appointment.
- e. The internal controls and internal audit should be reviewed annually at a full Council meeting and minuted.

4.4. **Internal Auditor's Responsibility**

- a. The internal controls are not to be confused with the Internal Auditor, who must be independent, and who will carry out tests needed to satisfy themselves that the internal controls are adequate and working. They also have to sign the External

Audit form and confirm that:

- Appropriate accounting records have been kept properly throughout the financial year.
- The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
- The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
- The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.
- Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.
- Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.
- Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.
- Asset and investments registers were complete and accurate and properly maintained.
- Periodic bank and year-end account reconciliations were properly carried out during the year.
- Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.
- If the authority certified itself as exempt from a limited assurance review, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its AGAR tick "not covered")*
- The authority publishes the required information on a website / webpage up to date at the time of the internal audit in accordance with the relevant legislation.
- The authority, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).
- The authority has complied with the publication requirements for the AGAR

(see AGAR Page 1 Guidance Notes).

- Trust funds – the Council met its responsibilities as a trustee.

4.5. **External Auditor's Responsibility**

a. It is the External Auditor's responsibility to oversee the annual audit process regardless of whether the Parish Council claims exemption and to answer any questions members of the public may have about the Parish Council's Annual Governance and Accountability Return.

b. The Parish's current External Auditor is:

Moore
Rutland House,
Minerva Business Park,
Lynch Wood,
Peterborough,
PE2 6PZ

www.moore.co.uk/sectors/public-sector/smaller-authorities