

Deopham & Hackford Parish Council

Internal Control Policy

Adopted: 6 December 2023

To be reviewed every 3 years. Date of next review: December 2026

Scope of Responsibility

The Accounts and Audit Regulations 2015 state that a Council shall be responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. Deopham & Hackford Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The Purpose of the System of Internal Control

Internal control is designed to reduce financial risk to the Council. The system of internal control is designed to ensure that the council's activities are carried out properly and as intended. Internal controls are set up by the Responsible Finance Officer (RFO) but it falls on the Council members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Internal Control Policy should be read in conjunction with the Council's Standing Orders, Financial Regulations and Risk Assessment.

Statement of Internal Controls

Cash Book / Bank Reconciliations	The cash book is kept electronically (in spreadsheet format) and maintained up to date from original documents. The cash book is reconciled to the bank statement at least monthly. The cash book, payments and receipts and bank reconciliation are reviewed and approved by a nominated member of the Parish
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	<p>Council at least quarterly/every 6 months. The Councillor is nominated annually at the May meeting of the Council, for a maximum of a year and must not be a bank signatory.</p>
Financial Regulations	<p>The Parish Council has adopted financial regulations; the regulations are reviewed for continued relevance and amended where necessary.</p>
Order/Tender Controls	<p>The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work.</p> <p>Official orders/letters/emails are sent to suppliers for services which are not regular in nature.</p>
Payment Controls	<p>Payments are listed in cheque number order or payment date order in the cash book and in accounts files.</p> <p>All invoices for payment are listed on the meeting agenda where the expenditure is to be authorised for payment.</p> <p>Payments made are listed in the minutes of the meeting.</p> <p>Invoices are available to all Councillors but in particular to the Councillors signing the cheques or authorising electronic payments.</p> <p>Cheques will be signed or electronic payments will be authorised by two councillors, who are authorised to sign on the Council's bank mandate.</p> <p>When making electronic payments the RFO will input the payment to the banking system. Once approved at a meeting two councillors will authorise the payments. In the absence of the RFO the Chair, who is also a signatory, will be authorised by the Council to input payments. Two other councillors must authorise the payment following approval by the Council, the Chair must not both input and authorise any payment.</p> <p>Councillors, when signing the cheques or authorising electronic payments, will ensure that there is an invoice or other documentation that corresponds with the payment and that the payment is listed on the agenda and has been agreed by the council. If signing a cheque, they will initial the cheque stub to confirm that it contains the same information as the cheque.</p> <p>The RFO is authorised to transfer funds from one account to another, but not to make third party payments outside of the bank</p>

	<p>accounts in any form. Any transfers will be reported to the Council via the monthly bank reconciliations and at the next meeting.</p> <p>The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings and the RFO is not a signatory to the bank accounts.</p> <p>When invoices are paid, they are identified by the cheque number or payment date and referenced in the cashbook.</p>
VAT repayment claims	<p>The RFO ensures that all invoices are addressed to the Parish Council.</p> <p>The RFO ensures that proper VAT invoices are received where VAT is payable.</p> <p>The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year (where feasible).</p>
Income Controls	<p>The RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the District Council.</p> <p>The RFO ensures that other receipts are received when due. This includes the receipt of CIL, whereby the RFO will monitor planning applications and ensure any CIL owed is received by the Council.</p> <p>The RFO ensures that income is banked promptly.</p>
Financial Reporting	<p>A budget control, comparing actual receipts and payments to the budget is prepared for the mid-year point, presented to the Parish Council in advance of the meeting and minuted as such.</p> <p>Any budget categories predicted to be significantly under or over budget at the end of the year are reported to the Council.</p>
Budgetary Controls & Precept	<p>The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year.</p> <p>The Precept request is submitted to the District Council within the deadline they set each year to ensure the Council receives the Precept on time.</p>
Payroll Controls	<p>The Clerk is paid under PAYE as an employee and the necessary system of HMRC RTI is in place. The Clerk's salary is set by the Council and minuted as such. The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.</p>

Clerk's Expenses	The Clerk submits a request for reimbursement of monies owing in advance of each meeting using the claim form accompanied by all receipts.
Asset Control	The RFO maintains a full asset register. The existence and condition of assets are checked on an annual basis. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.
Auditing	The RFO ensures that the accounts are audited in line with practice laid down in 'Governance and Accountability for Local Councils'. The Council will nominate and agree the work to be undertaken by the Internal Auditor annually. The accounts will be audited at the year end. The Councillor responsible for carrying out the quarterly/half yearly accounts check may also make contact with the Internal Auditor to ensure that the Audit has been carried out and that the report received by the Council is genuine and has not been altered.