

# WESTON ON THE GREEN PARISH COUNCIL

## INTERNAL FINANCIAL CONTROLS POLICY



### **Objective of the Policy:**

To safeguard the Parish Council's funds, minimise risk and to provide guidance on the process.

### **Policy:**

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 Responsible Financial Officer (RFO). The Councillor will not have electronic access to the bank accounts but the documents and statements will be provided by the RFO.

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.

### **General Responsibilities:**

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

Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year (to be submitted by the end of June) in accordance with Proper Practices.

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:

We acknowledge as the members of Weston on the Green Parish Council our responsibility for ensuring that there is a sound system of internal control, including arrangements for 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 [year], that:

1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements. ('Yes' means that this authority: prepared its accounting statements in accordance with the Accounts and Audit Regulations.)
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. ('Yes' means that this authority: made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.)
3. 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. ('Yes' means that this authority: has only done what it has the legal power to do and has complied with Proper Practices in doing so.)

4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. ('Yes' means that this authority: during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.)

5. 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. ('Yes' means that this authority: considered and documented the financial and other risks it faces and dealt with them properly.)

6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. ('Yes' means that this authority: 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 smaller authority.)

7. We took appropriate action on all matters raised in reports from internal and external audit. ('Yes' means that this authority: responded to matters brought to its attention by internal and external audit.)

8. 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. ('Yes' means that this authority: disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.)

9. 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. ('Yes' means that this authority: has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.) *Not applicable for Weston on the Green Parish Council.*

## **2. Clerk / RFO's Responsibility**

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.

The Clerk should present a statement to every Parish Council meeting showing the Council's bank balances and, three times a year, a statement showing the Council's detailed budget compared with the income and expenditure to date.

The Clerk / RFO must sign Section 2 of the AGAR prior to the meeting to certify that the Accounting Statements are correct.

### **3. Councillor Responsible for Internal Financial Control's Responsibility**

The Council will appoint annually a Councillor Responsible for Internal Financial Control at the annual Parish Council meeting in May. It is the Councillors' responsibility to:

- carefully scrutinise all invoices and other supporting documents against the list for payment submitted at the Parish Council meeting;
- check to ensure that the cash book (and any other accounting records) is being correctly written up;
- check that the bank reconciliation is done 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.

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. Confirmation that the checks have been carried out and key documents signed will be reported to the Parish Council via the Clerk.

### **4. Internal Auditor's Responsibility (as provided in the Annual Governance and Accountability Report, AGAR, Form)**

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:

- A. Appropriate accounting records have been properly kept throughout the financial year.
- B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
- C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
- D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.
- E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.
- F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.
- G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.
- H. Asset and investments registers were complete and accurate and properly maintained.
- I. Periodic bank account reconciliations were properly carried out during the year.

J. 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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

K. If the authority certified itself as exempt from a limited assurance review in 20xx/20xx, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 20xx/20xx AGAR tick “not covered”)*

L. The authority publishes information on a free to access website / webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.

M. The authority, during the previous year (20xx-20xx) 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)*.

N. The authority has complied with the publication requirements for 20xx/20xx AGAR *(see AGAR Page 1 Guidance Notes)*.

O. Trust funds (including charitable) – The council met its responsibilities as a trustee.

Weston on the Green Parish Council has appointed Fair Account as the Council’s Internal Auditor for FY 2022/23.

## **5. External Auditor’s Responsibility**

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. The AGAR form is required to be sent to the external auditor annually by end June.

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](http://www.moore.co.uk/sectors/public-sector/smaller-authorities)

## **6. Publication Requirements**

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July [year] authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- Section 1 - Annual Governance Statement 20xx/20xx, approved and signed, page 4
- Section 2 - Accounting Statements 20xx/20xx, approved and signed, page 5

Not later than 30 September [year] authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that the Annual Internal Audit Report is also published.

The following documents are also published by Weston on the Green Parish Council on the website:

- a bank reconciliation as at 31 March [year]
- an explanation of any significant year on year variances in the accounting statements
- Internal Audit Report observations and Parish Council response
- Weston on the Green Parish Council budget for the financial year
- Items of Expenditure in Excess of £100 for the financial year

**Policy Adopted by Weston on the Green Parish Council:** xxxxx (Minute Reference xxxx)

**Review Date:** May 2023 (subject to legislation changes or change in Council circumstances)