Internal Control Policy

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.

Wormegay 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 and ensure that its activities are carried out properly and as intended. The system of internal control is established by the Responsible Finance Officer (RFO), but it is the responsibility of the Council members to have a degree of oversight and understanding of those controls. These controls will include the checking of routine financial procedures, examination of financial comparisons, recording of assets and liabilities, and identification of risks. The likelihood and impact of those risks will also be evaluated, and efforts will be made to manage them efficiently, effectively, and economically.

Internal Controls Checklist (Appendix A)

One member of the Council, appointed by the Council and who is not a bank account signatory, will use the internal controls checklist (Appendix A) to review the Council's internal controls **twice yearly**. This member will report their findings to the Council via an agenda item at a Council meeting.

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 Council at least quarterly. 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.
Financial Regulations	The Parish Council has adopted financial regulations; the regulations are reviewed for continued relevance and amended where necessary.

Order/Tender Controls	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. Official orders/letters are sent to suppliers for services which are not regular in nature.
Payment Controls	Payments are listed in payment order in the cash book and in accounts files. All invoices for payment are listed on the meeting agenda where the expenditure is to be authorised for payment. Payments made are listed in the minutes of the meeting. Original invoices are available to the Councillors authorising the payments. Payment will be authoised by two councillors, who are authorised to so on the Council's bank mandate. Councillors, when authorising 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. The RFO is authorised to transfer funds from one account to another, but not to make third party payments outside of the bank accounts in any form. 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. When invoices are paid, they are identified by the cheque number or payment date and referenced in the cashbook.
VAT repayment claims	The RFO ensures that all invoices are addressed to the Parish Council. The RFO ensures that proper VAT invoices are received where VAT is payable. The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.
Income Controls	The RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the District Council. The RFO ensures that other receipts are received when due. The RFO ensures that income is banked promptly.
Financial Reporting	A budget control, comparing actual receipts and payments to the budget is prepared on at least a quarterly basis, presented to the Parish Council in advance of the meeting and minuted as such.
Budgetary Controls	The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year. The precept is set on the basis of the budget by the deadline set by the District Council.
Payroll controls	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.
Clerk's Expenses	The Clerk submits a request for reimbursement of monies owing in advance of each meeting.
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 accounts check will also be responsible for making 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.

Adopted Jan 2025
Review Jan 2026

Appendix A: Internal Controls Checklist

1. Accounting Records
- Is the cash book up to date and cross-checked with bank statements?
- Is the monthly bank reconciliation completed and reviewed?

2. Payments and Invoices
- Are all payments authorised and supported by invoices?
- Do payments match the invoices and are they listed in the meeting minutes?

3. Income
- Is income collected promptly and properly recorded?
- Are surplus funds placed in an appropriate account?

4. VAT and Tax Liabilities
- Is VAT recorded and claimed in a timely manner?
- Are tax and NI liabilities submitted correctly to HMRC?

5. Expenditure Controls
- Are cheques properly signed and correspond with invoices?
- Are payments made according to the budget and Financial Regulations?

6. Payroll and Salary
- Is the Clerk's salary paid via PAYE, and are payroll returns made to HMRC?

7. Internal Audit
- Have internal audit findings been reviewed by the council and actions taken?

8. External Audit
- Has the external auditor's report been reviewed, and are any actions being followed?

9. Internet Banking
- Are proper controls in place for internet banking payments and transfers?

10. General Oversight
- Are financial systems regularly reviewed to ensure they remain effective?

Name of person carrying out the check:

1. _____

Date check undertaken: _____

Signature:

1. _____

The completed form should be returned to the Clerk for inclusion as an agenda item at the next parish council meeting.