

High Wych Parish Council

Internal Financial Control Policy

SCOPE OF RESPONSIBILITY

The Accounts and Audit Regulations 2003 states 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.

High Wych 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.

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 by the Clerk/Responsible Financial Officer (RFO) and Treasurer but it falls to 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.

PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT

The Council elects a Chairman who is responsible for the smooth running of meetings. The Chairman signs all pages of all Full Council minutes.

All decisions made should be within the Standing Orders and Financial Regulations laid down and approved by Full Council.

The Council shall review its obligations and objectives and approve budgets for the following financial year at meetings in November/January. The meeting will approve all recommendations and level of precept set out for the following financial year.

At each Council meeting, the Council receives details of all expenditure once the above procedure has taken place. All payments are made in accordance with Standing Orders and Financial Regulations.

At each Council meeting, all Income, Expenditure, Bank Reconciliations, detailed income and expenditure report and VAT claims are checked and the budget for that financial year is submitted to for approval.

At the end of the Financial Year, the Chairman shall ensure that totals are reconciled to the year-end bank statement and shall sign the Minuted reconciliation.

ELECTRONIC PAYMENTS

The legislative reform (Payments by Parish Councils, Community Councils and Charter Trustees) Order 2014 came into effect on 12 March 2015. This legislation enabled Parish Councils to take an overall approach to how it controls its money as well as taking advantage of modern technology including internet banking.

Authorisation

Payments authorised by Full Council are performed by the Treasurer. All transactions are reported back to the next Full Council meeting with the cashbook reconciliation supported by copies of all bank account statements.

CLERK / RESPONSIBLE FINANCIAL OFFICER and TREASURER

The Council has a Clerk who acts as the Council's advisor and administrator and Responsible Financial Officer (RFO). The Treasurer is responsible for administering the Council's finances which are overseen and reported to Council. The RFO is responsible for the compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk and Treasurer ensure that the Council's procedures, control systems and policies are maintained.

The Responsible Financial Officer / Treasurer submits all the requested information to the External Auditor by the required date.

The Responsible Financial Officer / Treasurer arranges for the public notices to be displayed.

The Responsible Financial Officer / Treasurer will retain all relevant documents related to the financial year for 7 years which includes (Annual Return, VAT Returns, PAYE/NI information, Public Notices, Fixed Asset Register, Risk Assessments, Accounts and relevant supporting information).

INTERNAL AUDITOR

The Council appoints an Independent Internal Auditor who reports to the Council on the adequacy of its Records, Procedures, Systems, Internal Control, Regulations, Risk Management and Reviews.

The effectiveness of the internal audit is reviewed annually and the Council agrees to the appointment of the Internal Auditor.

The Internal Auditor inspects the accounts at the year-end prior to the completion of the Annual Return Statement to the External Auditor.

As necessary, the Internal Auditor will write a separate report to the Council detailing any findings they might have. This report is also copied to all Councillors and discussed by Full Council as an agenda item. Recommendations from the report are recorded in the Council minutes.

EXTERNAL AUDIT

The Council's External Auditor submits an External Audit Report which is presented to the Council. Any matters raised on the Annual Return Statement are discussed by the Council with any necessary actions duly recorded.

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting regular reviews of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work and any issues identified by Full Council, the Treasurer, the Clerk/Responsible Financial Officer, the Internal Auditor, and the Councils' External Auditor.

17 March 2021

Minute no: 21.023.3

Reviewed annually

Last reviewed 13th May 2026