



## **SPEEN PARISH COUNCIL**

### **INTERNAL FINANCIAL CONTROLS POLICY and PROCEDURES**

#### **1. Scope of Responsibility**

Speen 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 includes arrangements for the management of risk

The "Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide 2025" and as it may be amended imposes a duty on local councils to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control". The Council is required to confirm this position as part of the annual audit process and the Annual Return.

Local councils are required at least once a year to conduct in accordance with proper practices a review of the effectiveness of its system of internal control. The Council is required to sign the Annual Governance Statement (on the Annual Return submitted to the external auditor) to evidence that this review has been undertaken.

In order for the Council to review the effectiveness of the internal control system there needs to be clarity on the internal controls in place.

#### **2. The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk reducing it to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

#### **3. The Internal Control Environment**

##### **3.1 The Council**

The Council has appointed a Chair who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful.

The Council reviews its obligations and objectives and agrees the budget and the level of precept required for the following year during November and December.

The Council approves the budget and the level of precept required for the following year at its December meeting.

The Council appoints a member other than the Chair of the Council as Internal Financial Controller to verify Bank Reconciliations (all accounts) produced by the Clerk/RFO. In



circumstances where there is no other suitable councillor to fulfil this duty, the chair may be appointed as Internal Financial Controller.

The Council monitors progress against its budget quarterly as part of the Clerk/RFO finance reports.

The Council monitors progress against its aims and objectives at its meetings by receiving relevant reports from Councillors and the Clerk.

The Council regularly reviews its internal controls, systems and procedures

### **3.2 The Clerk/Responsible Financial Officer**

The Council has appointed a Parish Clerk who as Proper Officer acts as the Council's advisor and administrator. The Clerk has been appointed as the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

Delegated actions of the Clerk shall be in accordance with Standing Orders, Financial Regulations and this Internal Financial Controls Policy and Procedures and in line with any directions given by the Council.

Some internal financial controls are listed in the Council's Financial Regulations (which are reviewed and updated as required annually) however the Council's system of controls go beyond the Financial Regulations and are listed below.

### **3.3 Payments**

The Clerk/RFO has authority to pay any invoices against specific items within the agreed budget all of which have previously been approved by the Council in January each year.

The Clerk/RFO has authority to incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work relating to the Council's assets and is of such urgency that it must be done at once whether or not there is any budgetary provision for the expenditure subject to a limit of £1,000.00. (Financial Regulations 5.6)

Any expenditure over £1000 which is necessary to carry out any repair, replacement or other work relating to the Council's assets and is of such urgency that it must be done at once whether or not there is budgetary provision for the expenditure must have prior approval from the Chair of the Council. In the absence of the Chair of the Council approval must be sought from the Vice Chair of the Council or in their absence from any Councillor. The Chair, Vice Chair or Councillor will refer the matter to Full Council or any other Councillor if they deem it necessary prior to giving approval for such expenditure.

The Clerk/RFO has authority to pay any invoices funded from earmarked reserves relating to the Council's Improvement Plan projects subject to prior approval from the Council.

Any expenditure that exceeds the amount provided in the budget for that specific item and not considered urgent must be approved by the Council.

Any expenditure that exceeds the amount approved for any project funded from earmarked reserves must be approved by the Council.



All S137 Grant awards must be approved by the Council regardless of amount prior to any payment being made.

### **3.4 Orders for Work, Goods and Services**

The Clerk/RFO does not have authority to place orders for work, goods or services without prior approval of the Council unless such work, goods or services are specific budget items previously approved by the Council in January each year or are deemed to be of an urgent nature as detailed in 3.3 above.

### **3.5 Contracts**

The Clerk/RFO does not have authority to enter into any contract on behalf of the Council without prior approval of the Council.

### **3.6 Risk Assessments**

The Council carries out risk assessments and regularly reviews its system and controls.

The Council reviews and updates as required the Risk Management Assessment and Risk Assessments at least once within each financial year.

### **3.7 Internal Audit**

The Council appoints an independent competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters.

The internal auditor plans and carries out the work necessary to give the assurances called for in Section 4 of the Council's Annual Return.

The internal audit report and its effectiveness is reviewed by the council annually

### **3.8 External Audit**

The Council submits an Annual Return to the external auditor appointed by the Smaller Authorities' Audit Appointments Ltd (SAAA) by the statutory deadlines.

The external auditor submits an annual Certificate of Audit which is presented to the Council by the Clerk.

## **4. Review of Effectiveness**

The Council has responsibility for conducting an annual review 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 of:

- The Council
- The Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk
- The independent internal auditor who reviews the Council's systems of internal control
- The Council's external auditor who makes the final check using the Annual Return completed and signed by the Clerk/RFO, the Chair of the Council and Internal Auditor



## **5. Financial and Accounting Procedures**

### **5.1 Financial Regulations**

The Council has adopted Financial Regulations based on the NALC model. The regulations are reviewed for continued relevance and amended where necessary via approval by the Council.

### **5.2 Payments**

#### **5.2.1 Cheque Payments**

Cheque payments will only be made in circumstances where this is the only method accepted by the supplier.

Cheque payments are raised by the Clerk/RFO and must be signed by three signatories (one of whom is the Clerk/RFO). Cheque stubs and invoices to be initialled by the three signatories.

#### **5.2.2 Direct Debit Payments**

All direct debit instructions must be signed by three signatories (one of whom is the Clerk/RFO).

#### **5.2.3 Online Banking Payments**

The Clerk/RFO is authorised to create and release online banking payments subject to the limits as set out in 3.3 Payments.

The Clerk/RFO prints the bank confirmation of payment and attaches this to the invoice

### **5.3 Receipts**

The Clerk/RFO raises all invoices as required and ensures payment is received within terms.

The Clerk/RFO ensures that the amount of precept received is correct in accordance with the precept request submitted to West Berkshire Council. The Clerk ensures that the precept instalments are received when due.

### **5.4 Financial Reporting**

#### **5.4.1 Monthly**

The Clerk/RFO reconciles the cashbook to the bank statement on a monthly basis.

The Clerk/RFO presents monthly reports to the Internal Financial Controller for Bank Reconciliation verification (all accounts) as follows:

- Payments and Receipts year to date
- Expenditure and Cashbook Summaries
- Bank Reconciliations
- Copy Bank Statements

The Internal Financial Controller signs the Bank Reconciliations and Bank Statements as evidence of verification. This activity is on conclusion reported, including any exceptions, to and noted by the Council.



The Clerk/RFO prepares monthly reports to be presented to the Council at each meeting as follows:

- Schedule of Payments made plus copy bank statement
- Bank balance as at the previous month end
- Expenditure and Cashbook Summary
- Bank Reconciliation
- Reserves Balance

#### **5.4.2 Quarterly**

The Clerk/RFO monitors expenditure against budget on a monthly basis and prepares a quarterly Budget v Actuals Report to be presented to the Council.

#### **5.5 VAT Reclaims**

The Clerk/RFO ensures that all invoices are addressed to the Council.

The Clerk/RFO submits VAT reclaims quarterly and ensures the correct amount is received.

#### **5.6 Budget and Precept**

The Clerk/RFO prepares a draft budget and precept for the next financial year for consideration by the Council during November and December.

The Council agrees and approves the budget and precept for the next financial year in December.

The precept request is submitted by the Clerk/RFO within the deadline determined by West Berkshire Council.

#### **5.7 Payroll**

The Clerk/RFO is paid under PAYE as an employee and salary is set by the Council under the terms of the Clerk's contract. The Clerk/RFO is the only employee of the Council.

Any hours worked in addition to those detailed in the Clerk's contract of employment must be approved by the Chair or Vice Chair of the Council prior to submission to the Council's external payroll services provider.

Payments of the net salary to the Clerk/RFO are made monthly via online banking and reconciled against payslips produced by the Council's external payroll services provider.

Payments to HMRC are made monthly via online banking and reconciled against P32 reports produced by the Council's external payroll services provider and HMRC PAYE statements.

If applicable, pension payments are made monthly by direct debit and reconciled against pension reports produced by the Council's external payroll services provider and reports produced by the pension provider.



## 5.8 Clerk/RFO Expenses

Monthly expense reports must be approved by the Chair or Vice Chair of the Council prior to payment being made via online banking.

## 5.9 Assets

The Clerk/RFO maintains the asset register.

RoSPA Inspections of the Council assets are carried out quarterly. The information obtained in the inspection reports enables the Council to plan for any maintenance work required.

The Council's asset register is reviewed annually in February/March or as required.

The Clerk/RFO regularly monitors the adequacy of insurance of the Council's assets and reports any amendments required as necessary.

The Council reviews the adequacy of insurance of its assets in advance of the insurance renewal.

This Internal Financial Controls Policy and Procedures has been authorised by Speen Parish Council as follows:

Adopted by the council:	6 <sup>th</sup> September 2023
Last review	14 <sup>th</sup> January 2026
Next review	14 <sup>th</sup> January 2027