

West Hill Parish Council

Internal Control Policy

ADOPTED at WHPC Meeting 6th January 2026 Min 26/011
Next review date 6th May 2026

1. Internal Controls

1.1. Roles and Responsibilities

Under the Accounts and Audits Regulations 2011, it is the Responsible Financial Officer's (RFO's) responsibility to ensure that the Council's day-to-day finances are run properly, but it falls to Council members to exercise a proper and reasonable degree of control over financial matters. The Council realises this through a robust system of internal controls to facilitate effective operations and the management of risks.

The system of Internal Controls is overseen by the Finance Working Group Any anomalies are resolved with the Clerk/RFO and matters reported regularly to Full Council.

The Finance Work Group checks, by regular sampling that:

- a. all anticipated income is received
- b. payments are properly authorised before payment is made, with the exception of agreed direct debits, and contractual payments such as salaries
- c. the record of receipts and payments is kept up to date
- d. a bank reconciliation is carried out monthly on all cashbook accounts
- e. payment card transactions are in accordance with Financial Regulations
- f. that wages are paid in accordance with pay scales and that tax and pension contributions are correctly accounted for with HMRC/the pension provider (if applicable).

Bank reconciliations and monthly financial reports are presented to each monthly Council meeting. Each quarter the Finance Working Group presents a financial report to the Council.

Appendix 1 – Finance Working Group checklist.

1.2. Payments

a. Internet Banking

Invoices are approved for payment at monthly Council meeting. Each meeting considers

- i. a payment schedule (with copies of invoices) is published with the agenda
- ii. invoices presented to the meeting.

Following the meeting the Clerk/RFO posts payments to be made via internet banking. The payments are then authorised by two councillor signatories.

The Clerk/RFO is registered with the bank to view and post payments. The Clerk/RFO is unable to authorise internet payments or sign cheques.

Each month the Finance Working reviews the bank reconciliations against the bank statements.

b. Cheques

If a cheque payment is necessary:

- i. two councillors are required to sign the cheques at a Council meeting
- ii. and initial the cheque stubs.

The chairman ensures that the cheque agrees with the amount of the invoice and the payee named on the invoice.

c. Payment Card

The Council's payment card is restricted to use by the Clerk/RFO. Monthly/transaction limits have been applied and set by the provider.

Each month:

- the payment card is settled by an automatic Direct Debit against the Council's current account
- the payment card transactions are reported to the Council.
- the Finance Working Group checks the card transactions and reports anomalies to the next Council meeting.

2. Audits

In addition to these internal control systems, there is a further legal requirement, that sits above the internal controls. The Councils is required to appoint an "internal auditor" (IA). In accordance with the Accounts and Audit Regulations 2015, smaller authorities such as WHPC are required to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. This is achieved through:

- a. the appointment of an independent internal auditor (IA) who must be both competent and familiar with the regime of local government finance.
- b. an external audit conducted by an auditor appointed by Smaller Authorities' Audit Appointments Ltd

These audits provide a valuable and independent review.

2.1. Internal Audit

Each year, the appointment of an IA is decided at a Council meeting and minutes. The Internal Auditor is required to review and report to the Council on the adequacy of its: records, procedures, internal control, regulations, risk management, reviews.

The Internal Auditor reviews the internal controls and accounts at the financial year end, 31st March. The findings of the Internal Audit are copied to all members of the Council and received at the next Council meeting prior to the completion of the Annual Governance and Accountability Return (AGAR). The AGAR is then submitted to the External Auditor.

The effectiveness of the internal audit is reviewed annually,

2.2. External Audit

The External Auditors report is circulated to all Councillors and considered at the next Council meeting.

3. Review of Effectiveness

The Council conducts an annual review of the effectiveness of the system of internal control.

— —

DATE

WHPC INTERNAL CONTROL CHECKLIST

| | |
|------|------|
| INIT | INIT |
|------|------|

FINANCIAL

| | | |
|--|--|--|
| Accounting records: Is the cash book being kept up to date? How checked? Cross reference minutes/bank statements/cheque books | | |
| Payments: Are payments up to date? How checked? Verify payments made correspond with the invoiced amounts, minutes, HMRC s/w? Have they all been properly authorised? Payments within budget? Check payment card payments and statements | | |
| Cheques: Are they properly and fully completed before being signed? Are cheque counterfoils always initialled by the signatories? Paid cheques correspond with bank statements? check outstanding payments | | |
| Receipts: Receipts up to date? Is income due to the council received and in full? | | |
| Surplus balances: Are surplus deposits placed in a suitable interest-earning bank account? | | |
| Bank reconciliation: Is the council provided with this information regularly? (monthly) How checked? Cross check the monthly reconciliation against bank statements | | |
| VAT paid: Is it properly recorded in the cash book? Date of last VAT claim? | | |
| Internet banking: Do all Cllrs have access to view accounts? | | |
| Payment Card: All invoiced transactions are in accordance with Financial Regulations | | |

Payroll

| | | |
|--|--|--|
| Salary payments verified? How checked? Cross check against HMRC software, records and approved salary payments. Check payroll records are up to date | | |
| Tax and NI liabilities: HMRC liabilities met? Payments up to date? Real Time Information reporting done on time? How checked Check outstanding payments HMRC Basic Tools | | |
| Pension Pension contribution payments up to date? | | |

Miscellaneous

| | | |
|---|--|--|
| Minutes signed and filed? | | |
| Minutes published on WHPC website and up to date? | | |

| | | |
|----------------------------|--|--|
| Other observations: | | |
|----------------------------|--|--|

Names of persons carrying out the check: Signed:

1.

2.

Date check undertaken: