

UPTON & NORTH ELMSALL PARISH COUNCIL

FINANCIAL INTERNAL CONTROLS POLICY

1. Introduction

This policy establishes a comprehensive framework of internal financial controls to ensure proper governance, accountability, and the safeguarding of public funds. It supports the Council's duty to ensure that its financial management is adequate and effective and that it has a sound system of internal control.

The system of internal control is designed to:

- Ensure effective and efficient use of resources.
- Safeguard assets and public funds.
- Prevent and detect fraud and error.
- Ensure accuracy and completeness of financial records.
- Ensure compliance with legislation, Standing Orders, Financial Regulations, and the Scheme of Delegation.

2. Key Principles

The Council is committed to maintaining:

- Proper authorisation of all expenditure.
- Clear separation of duties where practicable.
- Accurate and timely financial records.
- Transparency and accountability in decision-making.
- Compliance with all statutory requirements and governing documents.

3. Roles and Responsibilities

Full Council

- Approves the budget and precept.
- Approves all major expenditure.
- Reviews financial reports and internal controls.

Clerk / Responsible Financial Officer (RFO)

- Responsible for day-to-day financial administration.
- Maintains accounting records.
- Ensures compliance with Financial Regulations.
- Reports regularly to Council.

Councillors

- Provide oversight and scrutiny.
- Undertake independent checks as required.

4. Budgetary Control

- Full Council shall approve the annual budget.
- The RFO shall monitor income and expenditure against the approved budget.
- Budget monitoring reports shall be presented to Council at least quarterly.
- No expenditure may exceed the approved budget without Council approval unless covered by delegated emergency powers.

5. Financial Controls

5.1. Delegated Authority

- The Clerk/RFO may incur expenditure up to £500 (excluding VAT) within approved budgets.
- Expenditure up to £2,000 may be authorised in consultation with the Chair in line with delegated powers.
- All other expenditure requires Full Council approval.

5.2. Procurement and Value for Money

- All procurement shall comply with Financial Regulations.
- Officers must demonstrate value for money.
- Multiple quotations or tenders shall be obtained where required.
- No individual councillor may commit the Council to expenditure without proper authority.

5.3. Payments and Authorisation

- All payments must be authorised in accordance with Financial Regulations.
- A schedule of payments shall be presented to Council for approval.
- Payments shall only be made against verified invoices.
- Dual authorisation shall be required for all online banking.
- No person may authorise a payment to themselves.

5.4. Banking and Reconciliation

- Bank reconciliations shall be completed at least monthly.
- A councillor shall independently verify reconciliations on a quarterly basis.
- All balances must agree to accounting records.

5.5. Income

- All income shall be recorded promptly.
- Income must be banked intact and without delay.
- Receipts shall be issued where appropriate.

5.6. VAT

- VAT shall be recorded correctly and reclaimed in accordance with HMRC requirements.
- VAT returns shall be submitted regularly and reconciled to accounting records.

6. Separation of Duties

Where practicable, duties shall be separated between:

- Ordering goods/services
- Receiving goods/services
- Authorising payments
- Recording transactions

Where separation is not possible, compensating controls (such as independent checks) shall be implemented.

7. Asset Control

- An asset register shall be maintained and reviewed annually.
- Assets shall be appropriately insured.
- Periodic physical checks shall be undertaken.

8. Risk Management

The Council's system of internal control is supported by its Risk Management Policy and Risk Register, which identify and mitigate key financial and operational risks.

9. Audit and Review

- An independent internal audit shall be undertaken annually.
- The Council shall review the effectiveness of its internal control system at least once per year.
- This review shall be evidenced prior to completion of the Annual Governance and Accountability Return (AGAR).