

WORLABY PARISH COUNCIL

INTERNAL CONTROL POLICY

1. Scope of Responsibility

1.1. Worlaby Parish Council (the council) is 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 effective management of risk.

2. Purpose

2.1. 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 up by the Clerk, Responsible Finance Officer (RFO) and Finance Committee but it also 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.

3. Personnel Involved with Internal Control

The Council

- a) The council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all council decisions are lawfully taken.
- b) Chair of committees exercise similar responsibilities under delegated authority within their terms of reference.
- c) The Chair of each meeting signs each page of the minutes which record all resolutions passed at council and committee meetings. All resolutions are proposed and seconded.
- d) Decisions made are within the Standing Orders and Financial Regulations laid down and approved by the council. These are kept regularly under review.
- e) The council approves budgets for the following year at its January meeting.

- f) The January meeting of the council approves the level of precept for the following financial year.
- g) The council and its Finance Committee receive regular financial statements which they approve at their meetings.
- h) Payments are made in accordance with Standing Orders and Financial Regulations. The appointment of authorised signatories is kept under review.
- i) Two councillors (from the currently authorised signatories) or the RFO under delegated authority together with one councillor must sign all cheques. The signatories will also initial the cheque stub. The signatories will ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice.
- j) Increasingly payments are now made using internet banking. These payments will be made in accordance with the procedure set out in Appendix 1.
- k) Internal control issues are reviewed regularly by Full Council and the Finance Committee.
- l) Periodic checks of the council's finances will be carried out by a councillor that is not an authorised signatory and this will include a check of the bank reconciliation with all bank accounts.
- m) All council policies are reviewed at least every 4 years for accuracy in relation to the policy areas they reflect, changes in legislation and current best practice. Some policies are reviewed annually.
- n) The council has an up-to-date General Risk Assessment which is reviewed annually by the Policy and Procedures Committee and actions are put in place to either control, mitigate or remove risks as they occur.

The Clerk (RFO)

- a) The council has appointed a Clerk who acts as the council's advisor and principal administrator. The Clerk is also the council's Responsible Financial Officer (RFO) and is responsible for managing the council's finances.
- b) The RFO is responsible for the day-to-day compliance with legislation and policies and for managing risks. The RFO ensures that the council's procedures, control systems and policies are maintained. The RFO also exercises responsibility for the council's banking arrangements in conjunction with the Finance Committee.
- c) The duties of the Clerk/RFO are laid down in a job description which is subject to review.

- d) The RFO manages the timetable for the audit programme, council approval of the annual return, and the compliance with the electors' rights. The RFO submits all the requested information to the external auditor by the agreed date and arranges for the required publication of notices, accounts and returns.
- e) The council's account with Unity Bank has a debit card which is restricted to use by the RFO for use in single transactions with a maximum value of £500. The monthly credit limit is £1,000. The use of the card is made in accordance with the procedure set out in Appendix 1.
- f) The RFO will retain all relevant documents relating to the financial year for the periods specified in the Retention and Disposal Policy.

The Internal Auditor (IA)

- a) The council has appointed an independent internal auditor (the IA) who will report to the council on the adequacy of the council's:
 - Records, procedures and systems
 - Book-keeping and bank reconciliations
 - Financial Regulations and Standing Orders
 - Budgetary controls
 - Asset management
 - Payment controls
 - Risk management
 - Statutory/regulatory compliance
 - Regular reviews of the effectiveness of internal control.
- b) The effectiveness of the internal audit is reviewed annually, and the council reviews the appointment of the IA. The IA, who is competent and independent, will carry out the work required in accordance with the Governance and Accountability Guide for Local Councils and additionally will be advised of any additional work required by the council.
- c) The scope of the work of the IA is reviewed annually and the review and the appointment is minuted.
- d) The IA will inspect the accounts at the year end (prior to completion of the Annual Return pages 2 and 3) and will complete page 5 of the Annual Return.
- e) The IA will write a separate report to the council (a copy of which is sent to the Chair) detailing any findings they might have.
- f) The report of the IA is copied to all members of Finance Committee and the council and considered as an agenda item at their next meetings. Recommendations from the report will be recorded in the minutes.

External Audit

The Council's external auditors submit an external auditor's report, which is presented to the council.

APPENDIX 1

Online Banking Procedure

In taking advantage of online banking, the council shall establish three classes of user:

CLASS A – user rights only to view balances and create payments

CLASS B – user rights only to view balances and authorise release of payments

CLASS C – user rights only to view balances

The Clerk/RFO shall be a CLASS A user. In the case of a long-term absence of the Clerk, online banking payments may be created by one Class B user (but they may not authorise the release of payments during the same pay period). The Clerk/RFO is not permitted to authorise the release of payments.

The Council's bank signatories authorised in accordance with Financial Regulation 7.1 shall be CLASS B users. All authorisations shall be subject to double signing rules.

Members of the Council's Finance Committee shall be CLASS C users if not already classed as Class B users. The internal auditor will also be granted access to view balances if required.

No other users shall be permitted on the council's online banking system.

Any changes to the banking mandate, including the above procedure, must be approved by Full Council (including the addition of new signatories and online banking users).

Making BACs Payments

The Clerk/RFO shall prepare a schedule of payments to be made by BACs in accordance with Financial Regulation 7.4. At least two authorised signatories will approve the payments via SignRequest. Authorised signatories will also be sent a copy of all the relevant invoices.

Following approval, the Clerk/RFO shall create payments within the council's banking system ready for member authorisation. For clarity, payments which have not been approved in accordance with Financial Regulation 7 (Electronic Payments) shall not be created on the banking system.

Two CLASS B users shall authorise payments for release. No payment shall be released without two CLASS B users having authorised the payment.

Payments to be made by BACs

The Clerk/RFO shall, when preparing a schedule of payments in accordance with Financial Regulation 7.4, determine whether a payment shall be made by cheque or

BACs. Consideration shall be given to the cost of making a cheque payment vs a BACs payment.

Only the Full Council may determine whether specific payments or types of payment can be made by specific means e.g. utilities by Direct Debit, grants by cheque etc.

Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered password facilities, other than secure password stores requiring separate identity verification, should not be used on any computer used for council banking. Breach of this regulation will be treated as a very serious matter under these regulations.

Payments by Debit Card

Any debit card issued for use will be specifically restricted to the Clerk/RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by Full Council in writing before any order is placed. There shall be a limit of £1,000 for all transactions made via the card per calendar month.

Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk/RFO and shall be subject to automatic payment in full at the end of each month.

Personal credit or debit cards of members or staff shall not be used under any circumstances.

DOCUMENT HISTORY

Version number	1.0
Responsible Committee	Finance Committee
Approval by	Full Council
Date of approval/adoption	14th April 2025
Maximum review period	Every 2 years
Date for next review	April 2027

Change History

Last version to 1.0	Previous version number 2 was adopted by the Full Council on 9 th December 2024. Amendments recommended by the Finance Committee on 7 th April 2025 (F16/25).
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