

## Internal Control Policy

The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

All payments by the council shall be authorised, approved and paid in accordance with the law, proper practices and the council's financial regulations.

At Hardington Parish Council the Clerk is the Responsible Financial Officer.

One third (4) of the council at a minimum and one half (6) at a maximum will be named on the bank mandate as signatories.

Payments from the council are generally paid by bank transfer unless the recipient asks for a cheque. When making payments the clerk will:

- i. Check that the details in the invoice are correct according to the quotation where necessary
- ii. Set up bank payment details when using a new supplier
- iii. Make Payments after approval at the monthly meeting with a few exceptions
  - a. Any item set on Direct Debit – these are generally regular monthly payments such as utilities
  - b. Clerks wages are paid last working day of the month owed
  - c. Any other payment that has been agreed that needs prepayment to ensure delivery
  - d. Any other preapproved payments out of schedule
- iv. Use details on the invoice to set up payments in the online banking system.
- v. Send electronic copies of the invoices to councillors on the bank mandate advising that the payments are ready for approval

All payments raised in online banking require 2 councillors on the bank mandate to approve before payment is released. When approving councillors will

- i. Check that payment amounts match the invoice
- ii. Check payee bank details match the invoice

A councillor must not approve a payment if:

- i. The payment is for councillor expenses made payable to them
- ii. The councillor declared a pecuniary interest

If a cheque is required the clerk will write the cheque and 2 councillors named on the bank mandate will sign after checking the details are correct.

The Clerk shall supply to each councillor at each meeting a statement to summarise:

- i. the council's receipts and payments for the month;
- ii. the balances held at the end of the month being reported and which includes a

comparison with the budget for the financial year and highlights any actual or potential variances.

On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations produced by the Clerk. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council. To do this the member will:

- i. Randomly pick a selection of payments as reported in the minutes
- ii. Check the payment matches the bank statement
- iii. Check the payment matches a corresponding invoice

The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.

The internal auditor shall:

- be competent and independent of the financial operations of the council;
- report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- has no involvement in the financial decision making, management or control of the council

Internal or external auditors may not under any circumstances:

- perform any operational duties for the council;
- initiate or approve accounting transactions; or
- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.