



## Purpose and Legal Framework

This policy sets out how Swillington Village Council will meet its duty to ensure that the Council's financial management is adequate and effective, and that it has a sound system of internal control.

The policy is based on the following legislation:

- **Local Government Act 1972, s. 151** – duty to make arrangements for the proper administration of financial affairs
- **Accounts and Audit Regulations 2015**
  - *Reg. 3* – requirement for adequate financial management and a sound system of internal control
  - *Reg. 5* – requirement to maintain an adequate and effective internal audit
  - *Reg. 6* – requirement to conduct an annual review of the effectiveness of internal control and prepare an Annual Governance Statement
- **Local Audit and Accountability Act 2014** – overarching framework for local audit

The Council also has regard to the **Practitioners' Guide** as "proper practices".

## Objectives of Internal Control

The system of internal control is designed to:

- Ensure the Council's policies, priorities and statutory duties are complied with
- Safeguard public money and assets
- Prevent and detect fraud and corruption
- Ensure accuracy and completeness of accounting records
- Produce timely and reliable financial information for decision-making

## Roles & Responsibilities

- **The Council** is collectively responsible as a body corporate for ensuring a sound system of internal control.
- **The Responsible Financial Officer (RFO)** manages the day-to-day financial administration and implements the Council's financial procedures.
- **Internal Auditor** (independent of the Council's operations) provides assurance on whether internal controls are effective.
- **Councillors** provide oversight through scrutiny, regular review of reports, and appointment of Councillors to carry out quarterly checks.

## Key Internal Controls

The Council will operate the following controls:

### 1. Budgetary Control

- Annual budget prepared by the RFO and approved by Council.
- Budget provided at every ordinary monthly meeting for review.

### 2. Expenditure Controls

- All payments are authorised by Council or delegated committee in line with the Financial Regulations.
- Scheme of Delegation clearly sets parameters for delegated spending.
- In the absence of the permanent RFO, payments will require two authorised signatories.

### 3. Income Controls

- Precept approved by Full Council and received directly from the billing authority.
- Other income (e.g. hall hire, grants, lease income) properly recorded, receipted, and banked.

### 4. Banking and Reconciliation

- All accounts reconciled monthly by the RFO. The Village Hall Treasurer will reconcile the Village Hall account and provide this documentation to the Clerk for review.
- All bank reconciliations, bank statements and invoices/receipts provided to Council at each ordinary monthly meeting.

## 5. Assets & Insurance

- Asset register maintained and reviewed annually.
- Adequate insurance cover reviewed annually. This is set to auto-renew through Gallaghers brokers in case of any failure to renew to ensure the Council is always insured.

## 6. Risk Management

- Annual review of financial and operational risks. This is a living document which is regularly updated throughout the year.
- Risk assessments in place for all events and necessary activities.

## 7. Staff Management

- The Clerk/RFO must provide councillors and the internal auditor with all documents, records and information required to carry out the reviews as specified in this policy and other relevant policies.
- If the Clerk/RFO fails to facilitate the provision of such documents, the matter will be addressed using the Council's [Capability Procedure](#).

## 8. Internal Audit

- Appointment of an independent internal auditor annually at the Annual Meeting of the Council for that financial year.
- Auditor's report considered by Council and actions implemented.

## Quarterly Councillor Checks

- Each quarter, the Council will appoint two councillors (one of whom **must not** be a bank signatory) to carry out a review using the Council's Internal Controls Checklist (Appendix 1).

- Findings will be reported back to the next ordinary Council meeting and recorded in the minutes.

## Annual Review

- Each year, the Council will review the effectiveness of its internal controls. Two Councillors will be appointed at its April meeting to complete the Annual Internal Controls Checklist (Appendix 2) before the Annual Meeting of the Council in May.
- The outcome will inform the approval of the Annual Governance Statement within the Annual Governance and Accountability Return (AGAR) in May.

## Policy Review

This policy will be reviewed annually at the Annual Meeting of the Council, or sooner if there are changes to legislation or good practice.

*Date of policy: September 2025*

*Approving committee: Full Council*

*Date of meeting: 02/09/2025*

*Policy version reference: Version 1*

*Policy effective from: 02/09/2025*

*Date for next review: May 2026*

## Financial Internal Control Checklist (Quarterly)

FIN YEAR:	QUARTER:
<b>Cllrs undertaking checks:</b>	

Cllrs should initial in the boxes to indicate which items they have checked (one or both Cllrs).

1. Accounting Records	<i>Checked:</i>
Receipts and payments record complete and accurate (cross-reference with bank transactions)	
All receipts and payments accurately entered on bank reconciliations and budgets	
Has the council been provided with the bank reconciliation monthly?	
Check all bank reconciliations against bank transaction statements	

2. Payments	<i>Checked</i>
Outgoing payments authorised in the minutes	
Payments correspond with the invoiced amounts	
Check list of direct debits and standing orders	
Any cheques paid out – correctly completed book & cross-reference to bank transactions	

3. Receipts	<i>Checked:</i>
Income due to the council being collected promptly and in full	
Receipts given for money received	
Allotment rents (rents received, tenancy agreements issued)	

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<b>4. Savings account</b>	<i>Checked:</i>
Check balance as recorded on bank reconciliation	
Is it earning a good rate of interest in the current banking market?	

<b>5. VAT</b>	<i>Checked:</i>
All eligible VAT to be reclaimed recorded in the VAT spreadsheet – check against invoices	
Quarterly VAT claim made and received	

<b>6. Tax and NI liabilities</b>	<i>Checked:</i>
Timesheets received from all members of staff	
Payslips issued correctly in accordance with those timesheets via the RealTime payment software	
PAYE monthly payments made correctly & on time	

<b>7. Clerk's spending</b>	<i>Checked:</i>
Ordering of stationery and supplies commensurate with usage requirements of the council & receipts supplied	
Booked training accounted for within the budget assigned & relevant to the council	

Clr Name: Signature:

Clr Name: Signature:

Date:

**FINANCIAL YEAR:**

**Cllrs undertaking checks:**

**Cllrs should initial in the boxes to indicate which items they have checked (one or both Cllrs).**

<b>1. Examine Internal Audit Reports</b>	<i>Checked:</i>
Review the independent internal auditor's findings for the previous year	
Check that any recommendations have been implemented or noted with action plans	

<b>2. Verify Compliance with Financial Regulations</b>	<i>Checked</i>
Review Financial Regulations and confirm Council activity followed these Regulations	
Check list of direct debits and standing orders	

<b>3. Assess Quarterly Councillor Checks</b>	<i>Checked:</i>
Review the reports produced by the two councillors assigned each quarter	
Confirm these were all completed with the necessary documentation provided	
Investigate any discrepancies or issues raised during these checks	

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<b>4. Check Accounting &amp; Record-Keeping</b>	<i>Checked:</i>
Ensure accounting records are complete, accurate and up-to-date	
Confirm that receipts, invoices and bank statements are properly filed and reconciled	

<b>5. Review Risk Management Arrangements</b>	<i>Checked:</i>
Check that the Council's risk assessment has been updated and reviewed	
Ensure appropriate insurance coverage is in place for assets, liabilities, and public duties	

<b>6. Annual Governance and Accountability Return</b>	<i>Checked:</i>
Check that the Annual Governance Statement can be completed with positive assertions at the Annual Meeting of the Council	

<b>7. Review</b>
<b>Findings:</b>
<b>Remedial Actions for Recommendation to the Council, including but not limited to changes to policies, procedures, or internal controls</b>

Clr Name: Signature:

Clr Name: Signature:

Date: