

Sibford Gower Parish Council

INTERNAL FINANCIAL CONTROLS

Adopted: December 2020

Background

Under the **Accounts & Audits Regulations 2015**, the Responsible Financial Officer (RFO) is responsible for ensuring that the Council's day-to-day finances are run properly, but it falls to Councillors to exercise a proper and reasonable degree of control over financial matters.

These **SGPC Internal Financial Controls** have been prepared to satisfy the above obligation for the Sibford Gower Parish Council, and should be read in conjunction with the current version of our **SGPC Financial Regulations** and our **SGPC Publication Scheme**.

In case of any ambiguity, the **specific** requirements of these SGPC Internal Financial Controls shall take precedence over the **generic** requirements of our SGPC Financial Regulations.

Budget & Precept

In November of each year, the Clerk/RFO shall review the financial position for the financial year to date, make a forecast of year-end outturn, and prepare a draft Budget including a recommended Reserves Policy and Precept for the coming financial year (1st April – 31st March).

The Clerk/RFO shall ensure that the draft Budget, including the recommended Reserves Policy and Precept, are reviewed by a Budget Working Group, before being considered for approval at the December Parish Council Meeting, or at an Extraordinary meeting if necessary.

The Clerk/RFO shall submit the Council's Precept Notification, based on the approved Budget, to Cherwell District Council prior to their submission deadline in January.

Banking

The Clerk/RFO shall ensure that the Council's **banking mandate** includes the Clerk/RFO and all willing Councillors as Full Power Signatories, and shall ensure that the mandate is promptly updated with valid changes.

The Clerk/RFO shall encourage all income **receipts** to be made by internet banking, and shall ensure prompt banking of any income received by cheque or in cash.

The Clerk/RFO shall encourage all approved **payments** to be made by internet banking, and shall ensure that any payments made by cheque are signed by two non-conflicted Councillors who are authorised signatories, after verification that Goods & Services have been received by a third non-conflicted Councillor. With the exception of the Clerk's minor reimbursable expenses, no payments shall be made in cash unless prior approval has been received from the full Council at a public meeting.

The Clerk/RFO shall adopt the following process for setting up all new **internet banking payment recipients**:

- The Clerk/RFO shall ensure that the recipient has a valid reason for receiving payments from the Council, and shall verify the bank details provided by the recipient.
- The Clerk/RFO shall request setup approval for a new internet recipient by sending an email to all Councillors, and shall await the approval of two non-conflicted councillors by return email.

- On receipt of two valid approvals, the Clerk/RFO shall set up the new internet recipient via the secure online process of the Council's bank, and shall ensure that the recipient's details are checked for accuracy by a third non-conflicted Councillor prior to commencing any payments to the new recipient.

The Clerk/RFO shall adopt the following process for making all **internet banking payments** to settle valid Council liabilities:

- The Clerk/RFO shall check each invoice or payment proposal for accuracy, and to ensure that the payment is valid within the Council's approved Budget.
- The Clerk/RFO shall email a copy of the validated invoice or payment proposal to one non-conflicted Councillor who has been identified as appropriate to the certify that the specified Goods & Services have been received by the Council. This email shall be copied to the nominated online authorising Councillor described below.
- On receipt of certification that the specified Goods & Services have been received, the Clerk/RFO shall set up and approve an online banking payment transaction on the Council's internet bank account.
- The Clerk/RFO shall email the nominated non-conflicted authorising Councillor with a request for online authorisation of the payment, and each request shall include the following information:
 - the name of the recipient,
 - the invoice number or reference number where applicable,
 - the gross amount of the payment, and
 - the initials of the Councillor who has certified Goods & Services received.
- The nominated authorising Councillor shall check the details included in the Clerk/RFO's email request against the matching online payment transaction prior to final authorisation of the online payment.

In-Year Financial Control

The Clerk/RFO shall maintain a cashbook in secure electronic spreadsheet form logging all receipts and payments throughout the financial year, and shall allocate each transaction to the appropriate budget line in the approved Budget.

The Clerk/RFO shall check the cashbook against received and online bank statements on a monthly basis, and shall report the following information at each of the four regular Parish Council meetings within the financial year:

- the total bank balance immediately prior to publication of the meeting agenda,
- a bank reconciliation between the above bank balance and the up-to-date cashbook,
- a list of receipts received since the previous regular meeting,
- a list of payments made since the previous regular meeting.

The Clerk/RFO shall ensure that the up-to-date cashbook and all bank statements for the current financial year are available for inspection by any Councillor at any time within agreed working hours, and given reasonable notice.

The Clerk/RFO shall ensure that the Council undertakes or updates a structured Risk Assessment at least once per year, and that the risks identified are fully considered when renewing the Council's annual insurance cover and when preparing future Budgets.

Financial Year-End

The Clerk/RFO shall ensure that all year-end financial processes are promptly carried out for the Council, including:

- Extraction of a **Schedule of Payments** for the whole financial year, in the format specified by the Transparency Code.
- Compilation of a set of Receipts & Payments based **Annual Accounts** analysed by the main headings of the approved Budget, and including: a comparison with the previous financial year's Annual Accounts; an explanation of material variances; a year-end bank reconciliation; a year-end Balance Sheet identifying all reserves and restricted funds.
- An updated **Asset Register** identifying all additions, removals and revaluations since the previous financial year.

Annual Governance & Accountability Return (AGAR)

The Clerk/RFO shall ensure that all aspects of the Annual Governance & Accountability Return (AGAR) are promptly completed in accordance with all current legal requirements in general, and with the current regulations that specifically apply to the Council.

The Clerk/RFO shall ensure that the Council appoints a competent non-conflicted Internal Auditor on an annual basis, and that the Internal Auditor:

- Carries out an appropriate audit of all in-year and year-end processes, and of a meaningful sample of relevant supporting documentation.
- Completes and signs the Internal Audit page of the Annual Governance & Accountability Return (AGAR) in accordance with current regulations.
- Prepares and submits a written Internal Audit Report to the Council to help facilitate continuous improvement of the Council's financial processes.

The Clerk/RFO shall ensure that the Council reviews and responds to all material audit actions in an appropriate and timely manner.

Financial Policies & Procedures

The Clerk/RFO shall ensure that full compliance is maintained with all Policies & Procedures relating to Council finances, and that the following relevant documents are reviewed and updated annually:

- **SGPC Financial Regulations** which describe the general legal and statutory duties of the Council in relation to financial matters.
- **SGPC Internal Financial Controls** (this document) which describe the specific processes that have been adopted by the Council to manage their financial obligations.
- **SGPC Publication Scheme** which includes a description of the financial documents that the Council are required to publish by the Information Commissioner's Office and/or under the Transparency Code.