Spelsbury Parish Council
Internal Financial Control Policy

Adopted by Spelsbury Parish Council on 06 January 2026

Council's Responsibilities

Councillors are expected to exercise a reasonable degree of control over financial matters.

AGAR

The Annual Governance and Accountability Report (AGAR) lists the Council's responsibilities as follows on the Annual Governance Statement:

We acknowledge as the members of (Spelsbury Parish Council) our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March [XXXX], that:

1. *We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements (ie prepared its accounting statements in accordance with the Accounts and Audit Regulations).*
2. *We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness (ie. Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge).*
3. *We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances (ie has only done what it has the legal power to do and has complied with Proper Practices in doing so).*
4. *We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations (ie during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts).*
5. *We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required (ie considered and documented the financial and other risks it faces and dealt with them properly).*
6. *We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems (ie arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority).*
7. *We took appropriate action on all matters raised in reports from internal and external audit (ie responded to matters brought to its attention by internal and external audit).*
8. *We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after year-end, have a financial implication on this authority, and, where appropriate, have included them in the accounting statements (ie disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant).*
9. *(For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit (ie has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts).*

At meetings
It is the councillors' responsibility to:

- carefully scrutinise all invoices and other supporting documents against the payment list submitted by the Clerk. These are initialled by two councillors.
- Approve all payments
- Note all monies received
- Review and approve the bank reconciliations
- Monitor and approve the budget update
- Monitor and approve the reserves update
- Set and approve the annual budget
- Set and approve the precept
- Agree and approve the Annual Governance Statements
- Agree and approve the Annual Accounting Statements
- Agree and approve the period of Exercise of Public Rights
- Approve the appointment of an Internal Auditor
- Review and appropriately action matters raised and recommendations from the Internal and External Auditors

Internal Financial Control
On a regular basis, at least annually, a councillor, other than a payment authoriser, shall be appointed to undertake an internal financial check, using the approved Internal Financial Checklist as a basis for their review. This councillor shall be changed at least biennially.

Sufficient tests should be made to enable the person carrying out the check to be satisfied that the accounting records are correctly maintained, and correct procedures are being carried out by the Clerk and councillors.

The result of this check shall be reported to councillors at the next Full Council Meeting and minuted. Any actions required by the Clerk and/or councillors following this check shall be minuted.

The Internal Financial Checklist shall be reviewed and approved annually.

Clerk / Responsible Financial Officer (RFO) responsibilities

It is the Clerk/RFO's responsibility to ensure that proper internal controls are set up and adhered to in accordance with the council's Financial Regulations and Standing Orders.

These controls must ensure that:

- Income and expenditure are in accordance with the approved budget
- All income that is due is received
- All expenses have been properly authorised before being paid
- The books of account are maintained on a regular basis
- Regular bank reconciliations are carried out

The Clerk must present a statement at each Full Council Meeting showing the Council's receipts, payments and bank balances.
The Clerk must present a budget update showing the payments to date for each budget line, and a reserves report at each Full Council Meeting.

Internal Auditor's responsibilities

The internal controls and financial checks are not to be confused with the audit carried out by the internal auditor (the internal audit).

The internal auditor is independent of the council. They will carry out tests to satisfy themselves that the internal controls are adequate and working.

They also have to sign the External Audit form and confirm that:

A. *Appropriate accounting records have been kept properly throughout the financial year.*
B. *The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*
C. *The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*
D. *The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was routinely monitored; and reserves were appropriate.*
E. *Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*
F. *Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*
G. *Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.*
H. *Asset and investments registers were complete and accurate and properly maintained.*
I. *Periodic and year-end bank account reconciliations were properly carried out during the year.*
J. *Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.*
K. *If the authority certified itself exempt from a limited assurance review in 20XX/XX, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 20XX/XX AGAR).*
L. *The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.*
M. *The authority, during the previous year (20XX/XX) correctly provide for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*
N. *The authority has complied with the publication requirements for 20XX/XX AGAR.*
O. *Trust funds – the Council has met its responsibilities as a trustee.*

External Auditor's Responsibility
It is the External Auditor's responsibility to oversee the annual audit process regardless of whether the Parish Council claims exemption or submits an AGAR, to answer any questions which members of the public may submit to them regarding the Parish Council's AGAR, and to complete a report having undertaken a limited assurance review.

The current External Auditor is:
Moore
Rutland House
Minerva Business Park
Lynch Wood
Peterborough
PE2 6PZ

www.moore.co.uk/sectors/public-sector/smaller-authorities