

FINANCIAL CONTROL POLICY

HILGAY PARISH COUNCIL

1. RESPONSIBILITY

- i) The Accounts and Audit Regulations 2003 states that a Council shall be 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 management of risk.
- ii) Hilgay Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, property accounted for, and used economically, efficiently and effectively.
- iii) This financial control policy is to be read in conjunction with the Council's Financial Regulations policy.

2. PURPOSE

- i) The purpose of this policy is to reduce financial risk to the Council and to ensure that the Council's activities are carried out properly, and as intended.
- ii) The system of financial control is set by the Responsible Financial Officer (RFO), but it falls to Council members to ensure that they understand and apply of those controls.

3. FINANCIAL RISK ASSESSMENT

3.1 The council has assessed the main financial risk that exist in carrying out its day-to-day functions, and has identified the following key hazards:

- i) Money being paid to the wrong person or organisation, or incorrect sums being paid
- ii) Money not being collected
- iii) Money being lost or wasted
- iv) Having to pay extra costs or incurring penalties

3.2 These risks have the highest likelihood of occurrence when undertaking the following financial activities.

- i) Dealing with payroll
- ii) Making payments
- iii) Banking
- iv) Borrowing funds
- v) Maintenance and control of assets
- vi) Handling cash

3.3 Financial controls measures are established to minimise these risks and include measures to prevent and detect fraud or error. These controls include:

- i) The checking of routine financial procedures
- ii) Timely and accurate recording of financial matters
- iii) The examination of financial comparisons and reconciliations

- iv) The recording of assets and liabilities
- v) The identification of Officer duties
- vi) The division of Officer duties to ensure cross checking
- vii) Regular financial reporting
- viii) The use of physical medium (safes and locks)
- ix) Passwords and sound IT fraud awareness

4. CASH BOOK / BANK RECONCILIATIONS

4.1 The cash book is kept electronically using the Scribe Accounting Application. This is maintained by the RFO from up to date from original documents (cash received, invoices, payments and direct debits made and cheques as they are prepared).

4.2 The cash book is independently checked by a verifying Officer (as determined by Chair of the Council) and the balance of the bank accounts confirmed between the verifying officer and the RFO on a monthly basis,

4.3 The cash book is reconciled to the bank statement monthly.

4.4 The bank reconciliation is reported to the full Parish Council and minuted as such.

4.5 All payments are reported at each council before they are made unless the RFO has dispensation to make the payment outside the meeting in which case it will be reported at the first meeting after the payment is made.

5. FINANCIAL REGULATIONS

5.1 Hilgay Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. These regulations are reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer.

5.2 All internal financial controls comply to the requirements of the financial regulations adopted by this council.

6. PAYMENT CONTROLS

6.1 Depending on the nature of the supply, the RFO signs the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.

6.2 Payments will be listed in the order they were actioned in the cash books and in accounts files.

6.3 All invoices for payment are listed and presented at the Council meeting. The expenditure is to be authorised for payment.

6.4 Payments made are listed on the agenda and minutes of the meeting.

6.5 Original invoices are available to the Councillors signing the cheques.

6.6 Cheques will be signed by two Councillors, who are authorised to sign on the council's bank mandate.

6.7 The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings.

6.8 When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheques number. This is reconciled with the bank statements.

6.9 All methods of electronic payment require dual authorisation. The RFO will only complete payments that have been agreed by the council. These payments will be checked by the verifying officer.

6.10 Direct Debit and standing order mandates will only be initiated after agreement of the council and recorded in the minutes.

6.11 The RFO will maintain a register of all direct debits and standing orders which will be presented to the council quarterly for review.

6.12 The verifying officer (as nominated by the Chair of the Council) will check the accuracy of electronic payments against bank statements monthly.

7. VAT REPAYMENT CLAIMS

7.1 The RFO will ensure that all invoices are addressed to the Parish Council.

7.2 The RFO will ensure that proper VAT invoices are received where VAT is payable.

7.3 The Scribe accounting application automatically maintains a VAT account to show that the correct amount of VAT that is to be reclaimed in the year.

7.4 VAT repayment reclaims will be made at least annually at the end of the financial year, and ideally at the end of each financial quarter.

8. INCOME CONTROLS

8.1 The RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the Borough Council.

8.2 The RFO ensures that the precept instalments are received when due.

8.3 The RFO ensures that other receipts are received when due, and both accurately and promptly entered in the cash book.

8.4 All cash income received is verified by 2 officers (as delegated by the Chair of the council) and banked promptly.

9. FINANCIAL REPORTING

9.1 Monthly financial position reports shall be prepared by the RFO, for presentation at council meetings.

9.2 Other reasonable requests for financial reports from councillors shall be produced as required.

10. PAYROLL CONTROLS

10.1 The Clerk is paid as an employee of the Council, and the necessary system for HMRC basic PAYE tools are to be used.

10.2 The Clerk's salary is set as per their contract and revised annually in line with NALC pay scales.

10.3 The Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain documentary evidence that this has been done.

11. OFFICE AND CLERK'S EXPENSES

11.1 Where incurred, the clerk submits a request for reimbursement of monies owing by way of a summary of expenses with appropriate receipts at the end of each financial quarter.

11.2 The expenses summary and related invoices are checked for accuracy by a verifying officer (as determined by the chair of the Council)

11.3 The expense summary treated as an invoice for accounting purposes.

12. ASSET CONTROL

12.1 The RFO maintains register of all assets of the council, with support from designated councillors.

12.2 The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

13. BUDGETARY CONTROL

13.1 A budget will be set by the RFO, in consultation with the council, in November each year. This budget will anticipate the required council spending in the forthcoming financial year, using previous spending trends, any new functions to be undertaken and any prevailing circumstances.

13.2 A variance report will be produced by the RFO each quarter, which identifies and explains any material variance (a difference of £100 or 15%) in the forecasted spending against each budgetary heading. This report will be presented to the council as an agenda item and any required action recorded in the minutes.

13. INTERNAL AUDITOR

13.1 The Council appoints an Independent Internal Auditor who will report to the Council on areas including adequacy of its Records, Procedures, Systems, Internal Control, Regulations, Risk Management and Reviews.

13.2 The effectiveness of the internal audit is reviewed every three years and the Council agrees to the appointment of the Internal Auditor.

13.3 The Internal Auditor inspects the accounts during the current financial year and at the year-end prior to the completion of the Annual Return Statement to the External Auditor.

13.4 The Internal Auditor will write a separate report to the Council detailing any findings they might have. This report is to be discussed by the Full Council as an agenda item. Recommendations from the report are recorded in the Council minutes.

14. EXTERNAL AUDITOR

14.1 The Council's External Auditors, submit an External Auditors Report which is presented to the Council. Any matters raised on the Annual Return Statement are discussed by the Council with any necessary actions duly recorded.

15. INTERNAL FINANCIAL CONTROL ROLES

15.1 Traditionally, Hilgay Parish Council's Clerk has also acted as the RFO

15.2 The officer roles and responsibilities are identified in the table below:

Day to day administration of the council's financial system	Clerk Mrs K Williams	Cllr J Heatrick
Ensuring the accuracy of the council's financial system and its compliance with policy	RFO	
Bank Signatory	Clerk	Mrs K Williams
Bank Signatory	Councillor	Cllr J Heatrick
Bank Signatory	Councillor	Cllr M O'Sullivan
Verifying Officer (required only where the Clerk and RFO roles are occupied by the same Officer)	Councillor	Cllr R Munday

These roles are to be reviewed annually.

Agreed/Adopted Date: 4th June 2026

Review Date: 3rd June 2027