



## Internal Financial Control Policy & Procedures

### Internal Control

Internal Control means the systems in place to maintain good financial governance. The Responsible Financial Officer (RFO) has legal responsibility to ensure that proper internal controls are set up and maintained. These controls ensure that all income due is received; all expenses are properly authorised; books are maintained including regular bank reconciliations; income and expenditure are in accordance with budgets.

The full requirements are set out within the Accounts and Audit Regulations and explained within Governance and Accountability for Local Councils, the Practitioner's Guide.

Toppsfield Parish Council has a number of systems in place to support and manage internal control.

- Internal control checks: a quarterly review of financial accounts by an appointed Councillor, which is documented and reported to the Parish Council.
- Independent internal auditor: appointed sector professional who carries out an annual audit and presents a written report to the Parish Council, ahead of Annual Return completion.
- Monthly reporting to the Parish Council of all expenditure and bank account summary.
- Quarterly reporting of finances: income & expenditure, actual against budget.

### Internal Control Officer (ICO)

The Internal Control Officer should carry out internal control checks on a quarterly basis. The named officer should not be a main signatory to the accounts of the council. The named officer is appointed from the membership of the Parish Council at the Annual Meeting of the Parish Council.

### Internal Control Checks

Checks cover all financial activities of the Parish Council over the whole of the financial year, on a sample basis. Regular activities will be included at each quarterly check, with other activities being included at least once every year. Checks are reported to the next Parish Council meeting.

### Control Check Calendar

Check 1 (first quarter of the financial year) i.e. April-June.

Check 2 (second quarter of the financial year) i.e. July-September.

Check 3 (third quarter of the financial year) i.e. October-December.

Check 4 (fourth quarter of the financial year) i.e. January – March.

### Bank Accounts statements should be checked as follows:

ICO to sign the reconciliations and the original bank statements as evidence of verification.

The Internal Financial Control Policy was approved by Toppsfield Parish Council on 6<sup>th</sup> November 2025, minute reference: 25/184.4

## **Regular activity checks**

All checks will inspect at least three payments and receipts, and one salary payment, during the quarter.

### **Payments should be checked as follows:**

1. Amount correct and accompanied by supporting invoice/order/letter.
2. Invoice/order/letter signed by RFO to evidence it has been examined, verified and certified by the RFO to confirm that the work, goods or services have been received, carried out, examined and represents expenditure previously approved by the council.
3. Cheque counterfoil initialed by two signatories who signed the cheques.
4. The payment has been advised to the Parish Council, authorised and minuted.

### **Receipts should be checked as follows:**

1. Amount correct and accompanied by supporting letter/documentation.
2. Banked promptly.

### **Salary payments should be checked as follows:**

1. Correct amount paid. Check PAYE input paperwork against annual salary on Clerk's contract of employment.
2. Correct amount of Income Tax paid. Check PAYE input paperwork.

### **VAT Claims should be checked as follows:**

1. Check amounts claimed agree with accounts package.
2. Check claims submitted annually.

## **Independent Internal Auditor**

The Parish Council commissions the services of an Independent Internal Auditor.

Their written report is presented and considered by Council as part of their complete review of internal controls. This takes place in May, once the year end accounts have been closed and before the Annual Return (statutory document) has been completed. This internal audit informs the Annual Return.

## **Monthly financial reporting**

The RFO presents a monthly report of all expenditure to the Parish Council, as well as a summary of the bank account balances.

## **Quarterly financial reporting**

The RFO presents a quarterly report to Council of all income, expenditure and actual against budget.

## **Associated Documents**

Financial Regulations

Standing Orders

Internal Control Form

Clerk's Contract of Employment

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Review Date: May 2026

Signed: K Bourlet

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