St Cleer Parish Internal Controls Policy

This policy was formally adopted by

St Cleer Parish Council

on

22.01.2026

Review date: 22.01.2026

St Cleer Parish Council Internal Control Policy

1. Scope of responsibility

The council is responsible in law[1] for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

The council's accounting control systems must include measures:
- for the timely production of accounts;
- that provide for the safe and efficient safeguarding of public money;
- to prevent and detect inaccuracy and fraud; and
- identifying the duties of officers.

The system of internal control is designed to ensure that the council's activities are carried out properly and as intended. Internal controls are set up by the RFO but it falls on the Council members to ensure that they have a degree of control and understanding of those measures.

Controls will include
- the checking of routine financial procedures;
- the examination of financial comparisons;
- the recording of assets and liabilities;
- the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2. Internal audit procedures and measures are at 4 stages

2a - Xero Repeating Bills
Xero accounting software has been set up so that all repeating monthly bills are automatically generated. These have to be manually approved to allow the attachment of the most recent invoice. This ensures that where any agreed direct debit amount varies, it will be automatically identified in the reconciliation as the bank statement and bill amounts won't match.

2b - Chair of finance
Once the Clerk has completed the monthly payment summary and entered payments into the bank, the payment summary is sent to the Chair of finance to cross reference with entries entered into Xero and the bank via their own log in Procedure as follows:
- Check each line item in the payment summary against entries in Xero, ensuring contact and amounts are correct
- Check all non direct debit payments have been entered on the the bank for authorisation, and the contact / amounts are correct
- Check all Direct debit payments have left the bank

2c - Xero bank reconciliation
- Once payments have been and the bank statement imported into Xero, payments can be reconciled by the Clerk. All incoming / outgoing payments on the bank statement should have a matching Xero entry to reconcile. Any payments that are missing / inaccuracies would be identified here.

2d - Councillor Reconciliation check

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[1] Audit Commission Act 1998, s27
The Accountability and Audit Regulations 2018
Local Audit and Accountability Act 2014 S2
Local Government Transparency Code 2015
Transparency code for smaller authorities

Once a month a councillor who is preferably not a bank signatory / is a member of the FGPC, shall be appointed to attend and complete the Councillor Reconciliation check. A report will be created on Xero to check the following for up to 5 transactions from the previous month, and signed by the councilor and the Clerk. Findings are to be reported to the council at the next meeting

- Bill / Invoice details - contact, amount
- Amount entered in to Xero
- Minute reference if not a direct debit
- Invoice amount
- Bank statement amount
- Details entered on payment summary
- Name of councillor who completed checks with Clerk and date
- Findings

3. Internal Auditor

The Council will appoint an Independent Internal Auditor who will report to the Council on the adequacy of its:
- Records
- Procedures
- Systems
- Internal controls
- Reviews
- Risk management
- Regulation

The effectiveness of the internal audit is reviewed annually, and the Council agrees to the appointment of the Internal Auditor. The Internal Auditor, who is competent and independent, is advised of the scope of the work required by the Council.

The scope of the work (and the charge) of the IA is reviewed annually and the review and the appointment is minuted.

The IA will inspect the accounts at the year end (prior to completion of the Annual Return pages 2 and 3) and will complete page 5 of the Annual Return (AGAR)

The IA will write a separate report to the Council (a copy of which is sent to the Chairman) detailing any findings they might have.

The report of the IA is copied to all members of the Council and considered as an agenda item at the next meeting.

Recommendations from the report will be recorded in the minutes.

4. Review of effectiveness

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal controls

The review of the effectiveness of the system of internal control is informed by the work and any issues identified by:
● Full Council – identification of new activities
● Clerk to the Council / Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks – risks identified
● Internal Auditor who reviews the Council's system of internal control. The auditor will make a written report to the Council (in addition to Section 4 Report in the Annual Return.) – action arising from reports
● The Council's External Auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor. The External Auditor issues an annual audit certificate – action arising from the Audit Report.

5. Annual Review

The FGPC will be responsible for the following additional checks as a committee
- Audit of all spend over £500
- Preparation of all documentation required for the Annual Parish Council meeting
    - Standing orders
    - Financial regulations
    - TOR for committees
    - Social Media Policy
    - Complaints procedure
    - Freedom of information procedure and Publication Scheme
    - Code of conduct
- Audit of Councillor compliance agreement with below
    - Acceptance of office
    - Register of Interests
    - Social Media Policy
    - Code of Conduct
    - Office Member Protocol
    - Induction document
    - Standing Orders
    - Financial Regulations
    - Meeting Schedule
    - Good Councillor Guide
    - Transparency Code