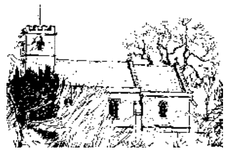
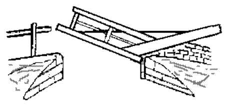
Date agreed at Council Meeting: Ref: 18/24 – 12th March 2024



Shipton-on-Cherwell & Thrupp Parish Council



Internal Financial Controls Policy

It falls on the Councillors to exercise a reasonable degree of control over financial matters. Particularly as, during the completion of the Annual Return, Councillors have agreed on the following:

We acknowledge as members of Shipton-On-Cherwell & Thrupp Parish Council our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, concerning the accounting statements for the year ended 31 March [2023/24], that:

1. We approved the accounting statements prepared according to the requirements of the Accounts and Audit Regulations and proper practices. (*i.e., prepared its accounting statements in the way prescribed by law*.)
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness. (*i.e., 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 the council to conduct its business or on its finances. (*i.e., has only done what it has the legal power to do and has complied with proper practices in doing so.*)
4. We provided the proper opportunity during the year for the exercise of electors' rights by the requirements of the Accounts and Audit Regulations. (*i.e., during the year has given all persons interested the opportunity to inspect and ask questions about the council's accounts – notices advertised on the noticeboard.*)
5. We assessed the risks facing the council and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. (*i.e., considered the financial and other risks it faces and has dealt with them properly – the Risk Assessment*)
6. We maintained throughout the year an adequate and effective system of internal audit of the council accounting records and control systems. (*i.e., 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 the council.*)
7. We took appropriate action on all matters raised in reports from the internal and external audits. (*i.e., responded to matters brought to its attention by internal and external audits*.)
8. We considered whether any litigation, liabilities or commitments, events, or transactions, occurring either during or after the year-end, have a financial impact on the council and, where appropriate have included them in the accounting statements. (*i.e., disclosed everything it should have about its business activity during the year including events taking place after the yearend if relevant.*)

Reviewed Date: March 2025

Clerk / RFO's Responsibility

It is the Clerk / RFO's responsibility to ensure that proper internal controls are set up and adhered to following the Financial Regulations. These controls must ensure that:

- income and expenditure are following budgets.
- all income that is due is received.
- expenses have been properly authorised before being paid.
- the books of account are maintained regularly and are regularly reconciled.

It is for the Clerk/RFO to present a regular (bi-monthly) statement to the meeting showing the Council's bank balances etc together with a statement every four months showing the Council's detailed budget compared with the income and expenditure to date.

Council / Councillors' Responsibility

It is the Council / Councillors' responsibility to:

- carefully scrutinise all invoices and other supporting documents against the list for payment submitted **at the PC meeting** before online payment
- check to ensure that the cash book (and any other accounting records) is being correctly written up and are mathematically correct.
- check that the bank reconciliation is done regularly.
- check to ensure that all income due is received.
- check that the payroll records are up to date.
- check that the financial statements produced to the Council agree with the accounting records.

Not every item has to be checked, but sufficient tests should be made to enable the person carrying out the tests to be satisfied that the accounting records are correctly maintained. A log should be kept of all the checks made including 'what, when and by whom' and reported to the Parish Council.

It is recommended that one Councillor should undertake these routine checks to ensure that the account books are being kept properly, but that one Councillor should undertake the task for at least six months to ensure continuity.

The internal controls and internal audit should be reviewed annually in *January 2023/24* at a Full Parish meeting and minuted.

Internal Auditor's Responsibility

The internal controls are not to be confused with the Internal Auditor, who must be independent, and who will carry out tests needed to satisfy themselves that the internal controls are adequate and working. They also must sign the External Audit form and confirm that:

A Appropriate accounting records have been kept properly throughout the financial year.
B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.
C This 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 regularly 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.

Reviewed Date: March 2025

- F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT was appropriately accounted for.
- G Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.
- H Asset and investments registers were completely accurate and properly maintained.
- I Periodic and year-end bank account reconciliations were properly carried out.
- 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, supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.
- K If the authority certified itself as exempt from a limited assurance review in 2023/24, 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 2023/24 AGAR)*
- L During the summer of 2023/24 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.