

C NEW FRANKLEY IN BIRMINGHAM PARISH COUNCIL

INTERNAL CONTROL POLICY

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Document Title: Internal Control Policy **Council:** New Frankley in Birmingham Parish Council

Status: Approved Policy Document **Version:** 1.1 **Adoption Date:** _____

Review Date: Annually (or sooner if required)

Responsible Officer: Responsible Financial Officer (RFO)

Version Control

Version	Date	Details of Change	Approved By
1.0	_____	Initial adoption of Internal Control Policy	Full Council
1.1	21 September 2026	Added Section 4.1A & 4.1B – Unity Trust Bank Corporate Purchasing Cards and Risk Assessment	Full Council

INTERNAL CONTROL POLICY

New Frankley in Birmingham Parish Council

1. Purpose

The purpose of this Internal Control Policy is to ensure that New Frankley in Birmingham Parish Council (“the Council”) conducts its financial and governance responsibilities in a lawful, transparent, and accountable manner. Internal controls safeguard public funds, support accurate financial reporting, and minimise the risk of fraud, error, or mismanagement.

2. Scope

This policy applies to:

- All members of New Frankley in Birmingham Parish Council
- The Responsible Financial Officer (RFO)
- The Clerk
- Any staff or volunteers handling Council money, assets, or data

3. Governance Framework

3.1 The Council

- Holds ultimate responsibility for ensuring effective internal controls.
- Approves the annual budget, precept, Financial Regulations, Standing Orders, and key financial decisions.
- Reviews internal and external audit reports and ensures recommendations are implemented.
- Ensures compliance with the Accounts and Audit Regulations and the Transparency Code.

3.2 Responsible Financial Officer (RFO)

- Manages the Council's financial administration and reporting.
- Maintains financial records, bank reconciliations, and the asset register.
- Ensures internal controls are followed and reports concerns to Council.
- Provides financial information to support decision-making.

3.3 Clerk

- Ensures decisions are properly recorded and implemented.
- Supports governance, compliance, and administrative processes.
- Works with the RFO to ensure policies and procedures are followed.

3.4 Internal Auditor

- Provides independent assurance that internal controls are adequate and effective.
- Reviews financial systems, risk management, and compliance with regulations.
- Reports findings to the Council annually.

4. Financial Controls

4.1 Banking and Payments

- All payments must be authorised by **two councillors** in accordance with Financial Regulations.
- Online banking access is restricted to the RFO and authorised signatories.
- Payment schedules must be presented to Council for approval and recorded in the minutes.

- No payments may be made without supporting documentation (invoice, receipt, contract, or minute reference).

4.1A Use of Unity Trust Bank Corporate Purchasing Cards

New Frankley in Birmingham Parish Council permits the controlled use of **Unity Trust Bank Corporate Purchasing Cards** by authorised employees and volunteers where necessary for operational efficiency.

Authorisation and Issuing

- Purchasing cards may only be issued following formal approval by the Council.
- Cardholders must sign a **Purchasing Card Agreement** confirming their responsibilities and restrictions.
- The RFO maintains a register of all issued cards, including cardholder name, card limit, and date of issue.

Card Limits and Restrictions

- Each card will have a **monthly spending limit** and **transaction limit**, set by the Council.
- Cash withdrawals are **not encouraged, unless there aren't any other methods of payment..**
- Cards may only be used for legitimate Council business and must never be used for personal expenditure.
- Online purchases must be made only from reputable suppliers.

Monitoring and Reconciliation

- Cardholders must provide receipts and supporting documentation for every transaction.
- The RFO will reconcile purchasing card statements monthly and report usage to Council.
- Any discrepancies, missing receipts, or unusual transactions must be reported immediately to the Chair.

Misuse

- Any misuse of a purchasing card may result in withdrawal of the card, disciplinary action, and potential referral to the police or external auditor.

4.1B Risk Assessment – Unity Trust Bank Corporate Purchasing Cards

The Council recognises that purchasing cards introduce specific risks. The following controls mitigate those risks:

Risk	Control / Mitigation
Unauthorised or fraudulent spending	Strict card limits; pre-approval of cardholders; monthly reconciliation by RFO; review by a non-signatory councillor.
Personal use of the card	Mandatory Purchasing Card Agreement; requirement for receipts; immediate reporting of irregularities.
Loss or theft of card	Cardholders must report loss immediately; Unity Trust Bank to block card; replacement only with Council approval.
Lack of documentation for purchases	Mandatory receipts for all transactions; incomplete documentation flagged to Council.
Overspending or budget deviation	Monthly monitoring against budget; spending limits set by Council; RFO alerts Council to any concerns.
Cybersecurity risks (online purchases)	Use of reputable suppliers; secure Council devices; compliance with GDPR and information security policies.

The Council considers these controls sufficient to ensure that purchasing cards are used safely, transparently, and in accordance with proper financial practice.

5. Procurement and Value for Money

- All purchases must follow the Council's Financial Regulations and Standing Orders.
- Quotations or tenders must be obtained where thresholds require.
- Officers and councillors must declare any conflicts of interest.
- Contracts must be awarded based on value for money, quality, and compliance.

6. Asset and Inventory Controls

- The RFO maintains the asset register and updates it annually before submission of the AGAR.
- Disposals, losses, or damage (including stolen or broken items) must be reported to Council and recorded with supporting evidence.
- Inventory checks must be carried out annually and signed off by the RFO and a councillor.

- Any new assets must be recorded with cost, date of acquisition, and location.

7. Risk Management

- The Council must review its Risk Assessment and Risk Register **annually**.
- Risks relating to finance, governance, data protection, assets, staffing, and public liability must be monitored.
- Insurance policies must be reviewed annually to ensure adequate cover for assets, public liability, employer liability, and fidelity guarantee.

8. Internal Audit

- The Council must appoint an independent and competent internal auditor each year.
- The auditor must have full access to financial records, minutes, contracts, and systems.
- Audit findings must be reported to Council and actions implemented promptly.

9. External Audit and Transparency

- The Council must comply with the Accounts and Audit Regulations and submit the AGAR within statutory deadlines.
- Required documents must be published on the Council's website, including:
 - AGAR Sections 1–3
 - Notice of Public Rights
 - Annual Governance Statement
 - Annual Accounting Statements
 - Internal Audit Report
- Financial information must be accessible to residents in accordance with the Transparency Code.

10. Information Security and Data Protection

- Financial and personal data must be stored securely and accessed only by authorised staff.
- Electronic records must be backed up regularly.
- The Council must comply with GDPR and maintain appropriate privacy notices.

- Councillors must use Council-approved methods for handling sensitive information.

11. Fraud Prevention and Reporting

- Segregation of duties must be maintained wherever possible.
- Any suspected fraud, theft, or financial irregularity must be reported immediately to the Chair and RFO.
- The Council will investigate and take appropriate action, including notifying the police or external auditor.
- The Council must maintain adequate fidelity guarantee insurance.

12. Review of Policy

This Internal Control Policy will be reviewed **annually** or sooner if required due to legislative changes, audit recommendations, or operational needs.

Adoption

This Internal Control Policy was adopted by **New Frankley in Birmingham Parish Council** at its meeting held on:

Date: _____

Signatures

Chair of the Council: Name: _____

Signature: _____

Date: _____

Responsible Financial Officer (RFO):

Name: Margarita Fackrell Signature: _____

Date: _____

Clerk to the Council: Name: _____

Signature: _____

Date: _____

STATEMENT OF INTERNAL FINANCIAL CONTROLS

an example

Cash Book / Bank reconciliations	• The cash book is kept electronically (in spreadsheet format), maintained up to date from original documents (cash received, invoices, payments (s/o) made and cheques as they are prepared) • The cash book is reconciled to the bank statement at least monthly • Reconciled accounts are prepared in advance of each Council meeting • The cash books, payments and receipts, and bank reconciliation is reviewed and approved by a member of the Parish Council nominated as internal control, regarding the underlying records (bank statements and minutes plus copies of accounts papers etc) at least biannually • The bank reconciliation is reported to the Parish Council and minuted • The latest financial position and movements on the Parish Council's cash balances are reported at each council meeting and can be traced back to the expenditure approved in the previous meeting via the minutes
Financial Regulations	The Parish Council has adopted financial regulations, based on the model version prepared by NALC. The regulations are reviewed for continued relevance and amended where necessary by the RFO with any proposed amendments subject to approval by the Parish Council.
Order/Tender controls	• The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work. • Official orders/letters are sent to suppliers for services which are not regular in nature
Payment controls	• 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. • Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable • Payments will be listed in cheque or voucher number order in the cash book • All invoices for payment are listed on the meeting agenda, or agenda appendix, where the payment is to be minuted • Payments made are listed in the minutes of the meeting. Original invoices are available to the Councillors signing the cheques • Cheques will be signed by two councillors, who are authorised to sign as shown on the council's bank mandate. • The council has a BACS system in place. The RFO is authorised to set up BACS payments online but as the RFO is not an authorised signatory, cannot authorise payments. • Four members of the council are authorised to approve online bank payments. They cannot set up payments, only view and authorise them. • The RFO is authorised to transfer funds internally ie from one of the council's accounts to another, but not to make payments. • The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings. The RFO will prepare cheques but is not authorised to sign them. • Every payment is identified by a sequential voucher number. This number is used to identify the transaction in the payments cashbook, the invoice and cross referenced on the bank statement in ink. • When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheque number, as well as by the voucher number. This is cross checked with the bank statements. • When invoices are paid by BACS, they are identified by the voucher number which is cross checked with the bank statements. • The minute number of the minute authorising bank payments or cheques is detailed on each invoice.

