

East Anstey Parish Council

Policy Statement of Internal Control and Annual Review of Effectiveness of Internal Control

1. Scope of Responsibility

East Anstey Parish Council (the Council) is a local authority funded by public money and is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively. In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council's accountability framework is 'risk' based; proportionate to that risk and to the amounts of public money involved and to the stakeholders' need for assurance.

2. The Purpose of the System of Internal Control.

The system of internal control is designed to manage risk and reduce it to a reasonable level rather than to eliminate all risk of failure, to achieve policies, aims and objectives. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is on-going and the process is designed to identify and prioritise the risks to the authority's policies, aims and objectives and to evaluate and manage the risks accordingly.

3. Responsibility for the Internal Control Environment

3.1 The Council:

The council has made and will keep under review Financial Regulations and includes within its Standing Orders particular provisions relating to contracts. The council's System of Internal Control is ancillary to and underpins the Financial Regulations and Standing Orders.

The council must appoint a Chair who is responsible for the smooth running of meetings and ensures that all council decisions are lawful with the advice of the Parish Clerk. Neither the Chairman nor any individual councillor may make decisions on behalf of the council.

The Chairman shall initial each page of the minutes and sign and date the final page once approved at the council meetings.

The council must appoint an independent Internal Auditor and confirm the scope of the internal audit. The Council must agree that the inspections carried out by the Internal Auditor are adequate and effective for the council's internal audit purposes

Decisions are made in accordance with the Standing Orders (re-adopted at least bi-annually) and Financial Regulations approved by the council.

The council reviews its obligations and objectives and approves budgets for the following year at its January meeting. This meeting also approves the level of precept for the following financial year.

3.2 Clerk/RFO

The council has appointed a Parish Clerk who as Proper Officer acts as the council's advisor and administrator. The Clerk is the also council's Responsible Financial Officer and is responsible for administering the council's finances.

The Clerk is responsible for the day to day compliance with laws and regulations that the council is subject to and for managing risks. The Clerk also ensures that the council's procedures, control systems and polices are maintained.

The duties of the Clerk / RFO are laid down in a Job Description which is reviewed from time to time by the council or a nominated committee.

The Clerk / RFO shall check and authorise payments prior to their presentation for signature in accordance with the approved financial procedures.

The Clerk/RFO submits all the requested information to the internal and external auditor by the required date.

The Clerk/RFO arranges for public notices to be displayed.

The Clerk/RFO retains all relevant documents relating to finances in accordance with best practice Annual Return, VAT Returns, PAYE/NIC information, Public notices, Fixed Asset Register, Risk Assessments, accounts and supporting information).

3.3 Internal Auditor

The council will appoint a suitably qualified and experienced Independent Internal Auditor who will report to the council in accordance with the scope of internal audit sufficient to provide an adequate level of assurance for the council to complete assertions 2 and 6 in its Annual Governance Statement.

The effectiveness of the internal audit shall be reviewed annually, and the council agrees the appointment of the Internal Auditor.

The scope of the work of the Internal Auditor is reviewed annually, the review and the appointment are minuted.

The reports of the Internal Auditor are considered at the following full council meeting.

4. Financial and Accounting Procedures

4.1 Financial Regulations

The financial regulations will be reviewed for continued relevance and amended where necessary via approval by the parish council at least bi-annually

4.2 Cheque/Payment Signatories

Payments are listed and presented at council meeting and signed by two signatories. Internet banking payments will be raised by the Clerk as soon as this has been enabled by the bank and authorised by two councillors (scanned copy of signed payment sheet and invoices are provided for reference).

Two councillors sign all cheques, the signatories also initial the cheque stubs. The signatories ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice.

4.3 VAT Repayment Claims

The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable and maintains a VAT account to show that the correct amount of VAT is reclaimed at least once a year.

4.4 Cash and Cheque Handling/Security

The Clerk will receive all income. All cash and cheques shall be kept safely in a locked place and shall be banked as soon as possible.

All income shall be reported to the next council meeting. The RFO will ensure the amount of the precept is correct when it is received.

4.5 Payroll Controls.

The clerk has a contract of employment with clear terms and conditions.

Salary paid to agree with that approved by the Council.

PAYE is being properly operated by the Council as an employer and monthly submission are made to HMRC under Real Time.

Payments are reported to the Council for approval.

Upon the production of appropriate receipts, out of pocket expenses for small day to day items appropriate to the duties of the clerk/RFO shall be reimbursed.

4.6 Budgetary Control

The Clerk (RFO) will ensure that all accounts certified for payment are endorsed within the correct budgetary centre

The Clerk (RFO) shall quarterly reconcile statements of the Parish Council's accounts taken from the information contained in the cash book with copies of the relevant bank statements.

The council shall receive a quarterly budget report alongside a financial statement and a report of bank reconciliation.

4.7 Procurement

Financial Regulations provide a framework and set procedures for dealing with contracts of certain values. Working beneath that framework, provision needs to be made for the day to day operational work of the council to be administered, and to that end the Clerk is authorised to issue orders for office and other supplies to support the Parish council's administration and day to day operation within agreed budgets.

The Clerk may incur expenditure on behalf of the council which is necessary for the purposes of any repair, replacement or other work of an **urgent** nature, whether or not budgetary provision exists for such expenditure, up to a limit of £500. The Clerk shall report the action to council at the next meeting.

5. Asset Management

The council's Asset Register is to be reviewed on an annual basis by the council. No property shall be sold, or otherwise disposed of without the authority of the council. The adequacy of insurance of the Parish council's assets is considered annually in advance of the insurance renewal

6. Risk Management

The council's Business Risk Assessment of its land, property, and activities, are to be reviewed annually by the council.

7. Review of Effectiveness

The council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. This role will be initiated by council and incorporated within the annual work programme of the council's Internal Auditor. The findings of the annual review shall be reported to and considered by the council.

8. Code of Conduct

Each member must sign Acceptance of the Code and complete a Register of Interest form.

Members to consider every items on the agenda and ensure that any interest is declared at the beginning of the meeting or before the matter is discussed.

An item 'Declarations of Interest' will be placed on every agenda.

Paragraph 12 of the revised NALC Model Code of Conduct has been adopted.