CLOVELLY PARISH COUNCIL

Internal Control Policy

Reviewed	Adopted
23 May 2023	23 May 2023
7 May 2024	7 May 2024

SCOPE OF RESPONSIBILITY

The Accounts and Audit Regulations 2003 states that a Council shall be responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control with facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Clovelly Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounting for, and use economically, efficiently and effectively.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

Internal control is designed to reduce financial risk to the Council.

The system of internal control is designed to ensure that the Council's activities are carried out property and as intended. Internal controls are set by the Clerk / Responsible Financial officer but it falls to Council members to ensure that they have a degree of control and understanding of those controls. 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.

PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT

The Council appoints a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chairman initials each page of the Council Minutes and signs and dates them on the final page.

All decisions made should be within the Standing Orders and Financial Regulations laid down and approved by full Council.

The Council shall review its obligations and objectives and approve budgets for the following financial year at a meeting during November / December (the budget setting meeting). This meeting will approve all recommendations and level of Precept set out by the Finance Committee (if one is in place) or by full Council for the following financial year.

Two Councillors who are authorised signatories on the Bank Mandate must firstly check and sign all cheques and on-line payments where applicable. Signatories will also sign, date and make a note of the time these checks are made both on the expenditure sheet and the related invoice for payment / cheque.

The full Council will receive budgetary figures at the next Parish Council meeting and an overview of expenditure once the above procedure has taken place. All payments are made in accordance with Standing Orders and Financial Regulations. The budgetary figures will enable Councillors to monitor the budget for that financial year.

At the end of the Financial Year, the Chairman shall ensure that totals are reconciled to the year-end ban statement and shall sign the associated year-end correspondence.

ELECTRONIC PAYMENTS

The legislative reform (Payments by Parish Councils, Community Councils and Charter Trustees) Order 2014 came into effect on 12 March 2015. This legislation enabled Parish Councils to take an overall approach to how it controls its money as well as taking advantage of modern technology including internet banking. Dual authorisation would still be required which does not require cheques.

Authorisation is performed by the Parish Clerk / Responsible Financial Officer who enters the payment and one Councillor from the Bank Mandate who checks the payment before the payment is paid.

CLERK TO THE COUNCIL AND RESPONSIBLE FINANCIAL OFFICER

The Council has a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk ensures that the Council's procedures, control systems and policies are maintained.

The Responsible Financial Officer submits all the requested information to the Internal and External Auditor by the required date.

The Responsible Financial Officer arranges for the public notices to be displayed.

The Responsible Financial Officer will retain all relevant documents related to the financial year for 7 (seven) years which includes Annual Return, VAT Returns, PAYE/NI information, Public Notices, Fixed Asset Register, Risk Assessments, Accounts and relevant supporting information.

INTERNAL AUDITOR

The Council appoints an independent Internal Auditor who will report to the Council on areas including adequacy of its Records, Procedures, Systems, Internal Control, Regulations, Risk Management and Reviews.

The effectiveness of the internal audit is reviewed annually and the Council agrees to the appointment of the Internal Auditor.

The Internal Auditor inspects the accounts at the year-end after the completion of the Annual Return Statement to the External Auditor for Councils with income / expenditure over £25,000. For Councils with an income / expenditure under this amount, the Internal Auditor will inspect the Certificate of Exemption which is applicable to Councils under the Smaller Councils Transparency Code.

The Internal Auditor will, in the case of Councils with an income / expenditure under £25,000, give a summary of the findings from the internal audit. The Internal Auditor will write a separate Report to the Council detailing any findings they might have. This Report is provided to all Councillors and discussed by full Council as an Agenda item. Recommendations from the Report are recorded in the Council Minutes with any necessary actions duly recorded.

EXTERNAL AUDIT

The Councils' External Auditors submit an External Auditors Report for Councils with an income / expenditure over £25,000. Any matters raised on the Annual Return Statement are discussed by the Council with any necessary actions duly recorded.

For Councils with an income / expenditure under this threshold, an acknowledgement of the Certificate of Exemption will be given.

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting regular reviews of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work and any issues identified by full Council, the Clerk to the Council, Internal Auditor and the Councils' External Auditor.