

Hornton Parish Council

Internal Control Policy

SCOPE OF RESPONSIBILITY

The Accounts and Audit Regulations 2015 state that a Council must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk

Hornton 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 accounted for, and used 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 properly 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; safety of the authority's assets, particularly money; 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.

Review of effectiveness — Regulation 6 of the Accounts and Audit Regulations 2015 requires the authority to conduct each financial year a review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement.

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 signs all pages of all Full Council minutes.

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. This meeting will approve all recommendations and level of precept drafted by the RFO for the following financial year.

Two Councillors who are signatories on the Bank Mandate must check and sign all cheques and on-line payments where applicable. Signatories will also sign and date the related invoice for payment/cheque counterfoil. During periods of remote meetings (i.e. during Covid-19 lockdown) an email will be sent by the two signatories identified at the meeting to the RFO stating payments are authorised.

Council receives a monthly overview of expenditure once the above procedure has taken place. All payments are made in accordance with Standing Orders and Financial Regulation. Each quarter all Income, Expenditure, Bank Reconciliations, detailed income and expenditure report are checked and the budget for that financial year is monitored. VAT claims are checked twice a year. These reports are submitted to Full Council at its next meeting for approval.

At the end of the Financial Year, the Chairman shall ensure that totals are reconciled to the year-end bank 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 in 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.

The RFO enters the payment and one councillor from the bank mandate checks the payment before the payment is subsequently authorised and paid by the RFO.

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 Responsible Financial Officer is responsible for administering the Council's finances. The RFO is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk ensures that the Council's procedures, control systems and policies are maintained.

The duties of the Responsible Financial Officer are laid down in a job description which is reviewed each year.

The Responsible Financial Officer submits all the requested information to the 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 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 every three years and the Council agrees to the appointment of the Internal Auditor. The Internal Auditor inspects the accounts during the current financial year and at the year-end prior to the completion of the Annual Return Statement to the External Auditor.

The Internal Auditor will write a separate report to the Council detailing any findings they might have. This report is also copied to all Councillors and discussed by Full Council as an agenda item. Recommendations from the report are recorded in the Council minutes.

EXTERNAL AUDIT

The Councils' External Auditors submit an External Auditors Report which is presented to the Council. Any matters raised on the Annual Return Statement are discussed by the Council with any necessary actions duly recorded.

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 or the Responsible Financial Officer, Internal Auditor and the Councils' External Auditor.

Adopted 15th March 2021