

GREAT LINFORD PARISH COUNCIL

Policy Statement of Internal Control

GLPC Doc Control: 1901 Internal control

Author: ET

Date: March 2019

Adopted and Approved by:

Date: xx

Next Review Date: **Date:** date approved plus 12 months

Document History:

Version	Description of Changes	Date Effective
draft1	Draft for adoption	

Notes– this document is taken from another parish council website and has been updated in terms of the requirements highlighted in the Governance and Accountability practitioner’s guidance. <https://www.nalc.gov.uk/library/publications/2655-governance-and-accountability-for-smaller-authorities-in-england-2018-sections-1-5/file>

It is for Council to be content with the measures proposed and for F&G Cllrs to ensure they “test” the criteria

1. Scope of Responsibility

Great Linford Parish Council (GLPC) 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

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control, which facilitates the effective exercise of the Council's functions and includes arrangements for the management of risk. This needs to be tested by the elected members of the council, Parish Manager and Responsible Finance Officer.

[This falls within the remit of the Finance & Governance working group to review and report back to council.](#)

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk; reducing it to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically

3. The Internal Control Environment

3.1 The Council

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations, strategy and budgets in the last quarter of the calendar year. The Council monitors progress against its aims and objectives at its meetings by receiving relevant reports from the Parish Manager and relevant working groups. The Council regularly reviews its internal controls, systems and procedures.

3.2 The Responsible Financial Officer and Parish Manager

The Council has appointed an RFO who acts as the Council's advisor and administrator on financial activities. The Parish Manager as the proper officer is responsible for the overall governance and compliance of council's business and guides council to ensure that procedures, control systems and policies are adhered to. The Parish Manager is responsible for the day to day compliance and risk management.

Internal Control Policy

3.3 Finance & Governance working group members

Carry out the internal scrutiny checks required to achieve good governance.

3.4 Payments

All payments are approved by Council. Two signatures are required on cheques and with internet banking where possible electronic authorisation of agreed payments is accepted. Where banking arrangements do not allow the procedures are in place for checks to be carried out to ensure transaction security.

3.5 Risk Assessments/Risk Management

The Council carries out a council risk assessment annually on all its activities. The management of the risk is reviewed, and mitigating actions are agreed by council after consideration of the working group.

3.6 Internal Audit

The Council has appointed an independent, competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The effectiveness of internal audit is reviewed annually.

3.7 External Audit

The Council's external auditors submits an annual Certificate of Audit which is presented to the Council.

4. Review of Effectiveness

The Council has responsibility for conducting an annual review 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 of:

- The Council
- The Parish Manager and RFO who have responsibility for the design and maintenance of the internal control environment and managing risk
- The independent internal auditor who reviews the Council's systems of internal control
- The Council's external auditor who makes the final check using the annual return, a form completed and signed by the RFO, the chairman and internal auditor

5. Significant Internal Control Issues

Any significant internal control issues are accepted on and reported to the Finance and Governance working group, an action plan will then be agreed. Regular reviews will allow for continuous improvement of processes.

6. STATEMENT OF INTERNAL CONTROL April 2018 to March 2019

	Task for control	Evidence
CASH BOOK/BANK RECONCILIATIONS	<ul style="list-style-type: none"> • Omega is used to record budgets, receipts, invoices and payments. • Original documents are kept monthly • The cash book is reconciled to the bank statement in preparation of every Parish Council meeting. • A bank reconciliation is checked by the F&G members meeting. The balances can be traced back to the expenditure approved in the previous meeting via the Financial report • The cash book, bank statements and payments and receipts are reviewed by a Member of the Parish Council at least quarterly. 	Cllrs complete the checks and have recently created an internal scrutiny checklist to ensure all F&G members are competent at checking the information.
STANDING ORDERS	The Parish Council has adopted NALC Standing Orders model. The orders are reviewed for continued relevance and amended where necessary via approval by the Parish Council annually in March	F&G checked the update Standing Orders in March 2019
FINANCIAL REGULATIONS	The Parish Council has adopted Financial Regulations based on the NALC model. The regulations are reviewed for continued relevance and amended where necessary via approval by the Parish Council annually in March	F&G checked the update Financial regulations in March 2019
ORDER/TENDER CONTROL	Financial Regulations refer for procedures (including the procurement flowchart) relating to tenders	The flowchart is being checked to ensure procurements follow the rules and can be checked and signed off.
LEGAL POWER	Expenditure is reviewed to ensure that it is commensurate with a legal power.	Checked and confirmed by the Parish Manager

Internal Control Policy

	Task for control	Evidence
PAYMENT CONTROLS	<ul style="list-style-type: none"> • A payment schedule is listed for council each month and is approved by council • Two members sign every cheque • Internet banking is either authorised once the RFO has set up the agreed payment or the RFO prints the bank details before and after the transaction is made and evidence by screen prints • The signatories should consider each cheque against the relevant invoice. • Payments are listed in the financial report which is presented to all councillors before the meeting • Internal scrutiny completed spot checks on this • The RFO always maintains control of the cheque book. Cheques will only be issued and signed for payments approved in Council meetings. • Any payment made outside of a council meeting is noted on the following Finance report 	<p>Checked and completed by RFO</p> <p>Checked and evidence by F&G members</p>
PAYMENTS MADE UNDER SECTION 137 of the LGA 1972	<ul style="list-style-type: none"> • A separate record of s137 payments is kept. • Council agree the level of s137 at the budget meeting • The RFO will calculate the maximum amount of s137 expenditure able to be made each year and ensures it is not exceeded. • The proper Minute authorising expenditure from s137 is prepared on each occasion. 	RFO and Clerk have reviewed and confirmed this
VAT RECLAIMS	<ul style="list-style-type: none"> • The RFO ensures that all invoices are addressed to the Parish Council. • The RFO maintains a VAT account and ensures that the correct amount of VAT is reclaimed in the year. 	RFO confirms this has been checked and completed
INCOME CONTROLS	<ul style="list-style-type: none"> • All income is received and banked in the Council's name in a timely manner and reported to the Council on the monthly Finance report • The RFO ensures that the amount of precept received is correct in accordance with the precept request sent to Milton Keynes council. • The RFO ensures that the precept instalments are received when due. 	RFO confirms this is correct and is followed

Internal Control Policy

	Task for control	Evidence
FINANCIAL REPORTING	A budget control, comparing actual receipts and payments to the budget is prepared and presented to the Council at least quarterly and recorded in the Minutes.	Completed
BUDGETARY CONTROLS	<ul style="list-style-type: none"> The budget is prepared in consultation with the working groups and Lead Cllrs. A report is compiled and sent to Cllrs before the budget review meeting in December. The Precept request once agreed by Full Council is submitted by the deadline dictated by Milton Keynes Council. 	Completed
PAYROLL CONTROLS	<ul style="list-style-type: none"> All employees are paid under PAYE. A payroll contractor is charged with making the necessary calculations and reporting to the RFO to ensure that all payments to HMRC are made. Salaries are agreed at budget time and follow the NALC green book recommendations The payroll contractor ensures that the necessary payroll returns are made to HMRC and retains evidence that this has been done. 	Completed for 18/19
OFFICE AND CLERK'S EXPENSES	<ul style="list-style-type: none"> Employees and Cllrs request for reimbursement of monies owing by way of an expense sheet in advance of the meeting and detailed on the Finance report The expense sheet is treated as an invoice for accounting purposes. 	Completed and confirmed
ASSET CONTROL	<ul style="list-style-type: none"> The RFO maintains full asset register. The existence and conditions of assets is checked on annual basis by the Parish Council. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal. 	Completed and reviewed

Internal Control Policy

	Task for control	Evidence
INTERNAL AUDIT	<ul style="list-style-type: none"> The Council annually appoints an independent internal auditor who provides a full report to the Council on Records, Procedures, Systems, Internal control, Regulations, Risk management. The internal auditor will have planned and carried out the work necessary to give the assurances called for in Section 4 of the Local Councils Annual Return. The Parish Council annually reviews the scope of work offered by the internal auditor. 	Interview audit completed in November and actions taken
EXTERNAL AUDIT	The Council submits an annual return to the external auditor appointed by the Smaller Authorities' Audit Appointments Ltd (SAAA) in a timely manner.	Completed on time for 17/18