

Alphamstone & Lamarsh Parish Council

Internal Controls Policy

Scope of Responsibility

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

Alphamstone & Lamarsh Parish Council (the 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 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 which includes arrangements for the management of risk.

The Purpose of the System of Internal Controls

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. The Council must ensure that it has 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 and management of risk, effectively, efficiently and economically.

Internal Control Mechanisms

The Council:

- Has appointed a Chairman who is responsible for the smooth running of meetings, signs the last page of the minutes, and initials all other pages.
- Makes decisions within the remit of the Standing Orders and Financial Regulations laid down and approved by the Council.
- Approves the budget for the following year at its December/January meeting.
- The December/January meeting of the Council approves the level of Precept for the following financial year.
- The Council receives a financial statement, for each month, at every meeting, which includes bank reconciliations and a budget/expenditure report, which it approves at those meetings.
- Payments are made in accordance with Standing Orders and Financial Regulations.
- Two Councillors (out of four named signatories) must sign all cheques. The signatories will also initial the cheque stubs. The signatories will ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice.
- Appoints and reviews the work of the Internal Auditor.

The Clerk to the Council/Responsible Financial Officer:

The Clerk to the Council is also the Responsible Financial Officer, who acts as the Council's advisor and administrator and is responsible for:

- Administering the Council's finances
- The day to day compliance with laws and regulations that the Council is subject to, and the management of risks
- Ensuring that the Council's procedures, control systems and policies are maintained
- Submitting all requested information to the Internal and External Auditors by the required date and arranges for the public notices to be displayed.
- Retaining all relevant documents relating to the financial year for the legally required amount of time (Annual Return, VAT returns, PAYE/NIC information, Asset Register, Risk Assessments, accounts and all other reports and inspections, as required).

Risk Assessments/ Risk Management:

The council carries out risk assessments in respect of actions and regularly reviews its systems and controls and holds a Health and Safety Policy.

Internal Audit:

The council has appointed an independent Internal Auditor who will report to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal controls
- Regulations
- Risk management
- Reviews

The effectiveness of the internal audit is reviewed annually, and the Council agrees to the appointment of the Internal Auditor. The Internal Auditor, who is competent and independent, is advised of the scope of the work required by the Council. The scope of the work (and the charge) of the Internal Auditor is reviewed annually and the review and the appointment is minuted. The Internal Auditor will inspect the accounts at the year-end and will complete the relevant page of the Annual Return. The Internal Auditor will write a separate report to the Council (a copy of which is sent to the Chairman) detailing the audit and any findings they might have. The Internal Audit is reported to the next available Council meeting and any recommendations are agreed and implemented.

External Audit:

If the gross income or expenditure of the Parish Council does not exceed £25,000, the Parish Council may certify itself exempt from a limited assurance review under the Local Audit (Smaller Authorities) Regulations 2015.

If the gross income or expenditure of the Parish Council does exceed £25,000, then the Annual Governance and Accountability Return will be submitted. Following this, the Council's External auditors return their certificate and report, which is reported to the next available Parish Council meeting. Any recommendations are agreed and implemented.

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 Full Council
- The Parish Clerk/RFO
- The independent Internal Auditor who reviews the Council's system of internal control
- The Council's External Auditor,
- Any issues or concerns which are raised during the year.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

Next review date September 2024