
INTERNAL CONTROL POLICY

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1. SCOPE OF RESPONSIBILITY

Normandy Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for; and used economically, efficiently and effectively.

Regulation 4 of the Accounts and Audit (England) Regulations 2011, imposes a duty on local councils to ensure “that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk”.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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 up by the Clerk who is the Responsible Financial Officer, but the Council members must ensure that they have an understanding of those controls and are responsible for checking that they are operated effectively.

3. RESPONSIBILITY FOR THE INTERNAL CONTROL ENVIRONMENT

3.1 The Council:

The Council as a corporate body is responsible under statute for certain decisions which cannot be delegated, such as the setting of the precept and approval of the Annual Governance and Accountability Return (AGAR). It may delegate responsibility for dealing with the consideration and approval of all other financial matters to a Finance Committee and officers, subject to the approval of delegation arrangements.

The Council will make and keep under review Financial Regulations and may include 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 has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring 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 Council is required to appoint an independent Internal Auditor. An annual work programme for the Internal Auditor will be agreed by the Council, and the Internal Auditor will provide a certificate to be submitted with the AGAR as part of the annual external audit. Reports from the Internal Auditor shall be presented to the Finance Committee.

The Chairman shall sign each page of the minutes once approved at Council meetings.

Decisions are made in accordance with the Standing Orders and Financial Regulations approved by the Council.

The Finance Committee meets quarterly to undertake all financial and other miscellaneous matters on behalf of the Council in accordance with its terms of reference.

The Council approves a budget for the following financial year by the end of January, and this budget determines the level of precept set for the following financial year.

The Finance Committee shall receive a budget report at each meeting alongside a financial statement and a report on bank reconciliation.

3.2 Officers:

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 (RFO) 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 dates.

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

The Clerk/RFO retains all relevant documents relating to finance in accordance with best practice and the council's Document Retention Policy (Annual Return, VAT Returns, PAYE/NIC information, Public notices, fixed asset register, risk assessments, accounts and supporting information).

Any other contracted staff appointed to assist with the administration of the Council will report to and work under the direction and authority of the Parish Clerk.

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 on the AGAR.

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 Parish Council meeting as per Financial Regulations.

3.4 External Audit:

The Council's External Auditors are appointed in accordance with the current statutory accounting and audit framework.

The Council shall display public notices of the Exercise of Electors' Rights and Conclusion of Audit as required by regulation.

4. FINANCIAL AND ACCOUNTING PROCEDURES

4.1 Cheque Signatories

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.

4.2 Internet Banking

Payments are either raised by the Clerk and authorised **by two** Councillors or raised by a Councillor under instruction of the Clerk / RFO and authorised by another Councillor.

4.3 Invoicing

Invoices shall be rendered on the basis of the scale of fees and charges effective at the time. The Parish Council will review these annually before the start of the next financial year.

All invoices shall bear reference to payment terms of not more than 30 days.

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 periodically banked (at least once a week).

All income shall be reported to the Finance Committee.

4.5 Salaries and other staff payments

Salaries and other staff payments shall be made by no later than the last day of each month (by either cheque or BACS). Payments shall be paid on the basis of information agreed and reviewed from time to time by the Parish Council. Supplementary payments for additional duties beyond the core duties of staff shall be made on the basis of weekly timesheets, endorsed by the Clerk and reported to the Finance Committee.

Mileage and any other expenses shall be reimbursed in accordance with rates approved by the Finance Committee from time to time.

Payroll administration is outsourced to a suitably qualified and experienced firm of payroll specialists. They will maintain the equivalent of P11 deduction working sheets in their payroll administration system and will provide the statutory monthly, quarterly, and annual payroll reports. Upon the production of appropriate receipts, out of pocket expenses for small day to day items appropriate to the duties of the staff member 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 every month 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 Finance Committee shall receive a budget report at each meeting alongside a financial statement and a report of bank reconciliation.

The Finance Committee will meet in October/November for the purposes of budgetary control review and the preparation of estimates for presentation to the **December/January** Parish Council meeting. At that meeting, the Parish Council will approve such estimates, and determine its budget requirement and consequent precept for the next financial year.

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 Parish 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 £2,500 excluding VAT. The Clerk shall report the action to Council or the appropriate Committee at the next available meeting.

5. ASSET MANAGEMENT

The Council's asset register and any associated current Management Plans are to be reviewed on an annual basis by the Finance Committee.

6 RISK MANAGEMENT

The Council's base Risk Assessment of its land, property, and activities, together with any associated current Management Plans are to be reviewed on an annual basis by the Finance Committee.

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 the Finance Committee 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.