

MICKLEFIELD PARISH COUNCIL

INTERNAL CONTROL POLICY

INTRODUCTION

The Accounts and Audit Regulations 2015 require smaller authorities (in accordance with the Local Audit and Accountability Act 2014 Section 6, an authority is a 'smaller authority' if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6.5 million) to have a system of internal control. The Council's system of internal control must:

- (a) facilitate the effective exercise of its functions and the achievement of its aims and objectives
- (b) ensure that the financial and operational management of the authority is effective
- (c) include effective arrangements for the management of risk

In addition, the Council must conduct a review of the effectiveness of its system of internal control.

SCOPE AND PURPOSE

Micklefield 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 accounted for properly, and used economically, efficiently and effectively. The system of internal control is designed to manage and reduce associated risk. It is an ongoing process of measures and procedures that are designed to identify, prioritise, evaluate and deal effectively with risk. The Parish Council's internal control measures and checklist set out the ways in which the Council does this.

ROLES

Micklefield Parish Council - The Council has overall responsibility for its finances and associated risk, which it manages by implementing and reviewing its system of internal control, and undertaking an internal audit to evaluate the effectiveness of its risk management, control and governance processes. The Council further manages its financial responsibilities by appointing a Finance and Corporate Management Committee, which undertakes more detailed aspects of its system of internal control.

The Clerk/Responsible Financial Officer (RFO) – The Clerk manages the business of the Council on a day-to-day basis, including overseeing the administration of the Council's finances. The Clerk ensures that the Council complies with the laws and regulations that the Council is subject to, manages risk and maintains the Council's procedures, control systems and policies. The RFO administers the Council's finances on a day-to-day basis, undertakes the work for audit, and determines the Council's financial control systems and reporting.

Internal Auditor – Each year the Council appoints an independent internal auditor to evaluate the effectiveness of its risk management, control and governance processes (taking into account public sector internal auditing standards or guidance) and to present a written report to the Council. The effectiveness of the internal audit is reviewed annually.

External Auditor – Appointed by the Smaller Authorities Audit Appointments Ltd. (SAAA Ltd.) to undertake an annual audit of the Parish Council's accounts in accordance with relevant legislation.

REVIEW OF EFFECTIVENESS

The Council is responsible for conducting an annual review of the effectiveness of the system of internal control, which is informed by the work of:

- The Council (including the Finance and Corporate Governance Committee)
- The Clerk/RFO
- The internal auditor
- The external auditor

The Council must also undertake a review of the effectiveness of the internal audit.

MICKLEFIELD PARISH COUNCIL INTERNAL CONTROL (to help to meet the requirement of having safe and effective arrangements to safeguard public money)	INIT	INIT
CHECKS		
Accounting records, i.e. cash book: Is the cash book being kept up to date? Cross reference it with minutes/bank statements/cheque books Do purchases for goods and services have a corresponding purchase order?		
Payments: Have they all been properly authorised? Are all payments listed in the minutes? Do payments made correspond with the invoiced amounts? Check legitimacy of Direct Debits and Standing Orders		
Cheques: Are they properly and fully completed before being signed? Are cheque counterfoils always initialled by the signatories? Paid cheques correspond with bank statements? – also check outstanding payments		
Receipts: Is income due to the council being collected promptly and in full? Are receipts being given? Is income properly controlled pending being paid into the bank? i.e. in accordance with the council's Financial Regulations?		
Surplus balances: Are surplus deposits placed in a suitable interest-earning bank account?		
Bank reconciliation: Is the council provided with this information regularly? (monthly) The monthly reconciliation is checked against bank statements?		
VAT paid: Is it properly recorded in the cash book? Claim for refund of VAT made and paid to the council? Claim properly submitted in a timely manner?		
Ordering of stationary and supplies: Commensurate with the usage requirements of the council?		
Pension Liabilities: WYPF Liabilities met? Combined Monthly Return and Remittance Advice done on time? (so as not to incur financial penalties for the council)		
Tax and NI liabilities: HMRC liabilities met? Real Time Information reporting done on time? (so as not to incur financial penalties for the council).		
Names of persons carrying out the check: Signatures: Date check undertaken:		

RISK	CONTROL MEASURE
Payments	Invoices checked against purchase order/contract schedule and for arithmetical accuracy Accounts for payment schedule presented at each monthly meeting for approval Copies of supporting invoices supplied Payments schedule signed by two councillors for verification (Chairman and Treasurer when present) Each cheque checked against payments schedule, signed by two members and counterfoil initialled Payments listed in minutes Cheque book kept by RFO Clerk/RFO not authorised to sign cheques or make bank transfers Standing Orders and Direct Debits require Parish Council approval and two members' signatures where necessary
Receipts	Banked promptly (preferably by electronic transfer, cheques accepted, cash discouraged) Copies of remittance advice and/or Parish Council receipt presented at each monthly meeting and receipt noted Precept and LCTS grant remittance advice checked for accuracy All other receipts checked for accuracy
Bank reconciliation	Monthly bank reconciliation generated by Alpha financial software and presented at each meeting Quarterly bank reconciliation with bank statements and cashbook pages presented at each Finance and Corporate Management Committee for detailed check
Budget	Alpha financial software generated budget update presented at each monthly meeting for evaluation Draft budget prepared for January meeting to be amended/approved by Council Precept based on budget and precept request made promptly
Statutory Liabilities	HMRC Tax and NI contributions and Real Time Information reports made monthly and before deadline. HMRC end of year procedures undertaken promptly. Software updated regularly. Employee information e.g. tax code updated promptly Keep up-to-date with changes to legislation and procedures (e.g. employer bulletin) WYPF pension contributions and return made monthly and before deadline. WYPF end of year procedures undertaken promptly Employee/Employer information i.e. contribution rate updated promptly Keep up-to-date with changes to legislation and procedures (e.g. Pension Matters circular)
VAT	VAT recorded separately in cashbook (financial software) Reclaim prepared at the end of the financial year and submitted to HMRC
Assets	Asset register reviewed annually and updated regularly
Insurance	Reviewed annually Insured for all core categories by a specialist broker
Policies	Formulated in accordance with specialist advice (e.g. NALC, YLCA) and reviewed annually

Standing Orders and Financial Regulations	Formulated in accordance with specialist templates (e.g. YLCA/NALC) and reviewed regularly
Documents	Stored on USB drive and NAS. Documents with legal status (e.g. signed minutes, signed accounts for payment schedules, inspection sheets stored in hard copy
Play Equipment/Recreational Facilities and other facilities/structures	Inspected weekly by an RPII qualified inspector. Inspection recorded. Quarterly maintenance inspections made by competent persons and recorded. Inspected annually by RPII qualified inspector. Inspection recorded. Equipment insured for damage Public liability insurance held
Procurement of Goods and Services	Undertaken in accordance with Financial Regulations and Standing Orders (based on most up-to-date NALC model) Contracts reviewed annually and tendered as necessary but no more than every five years Contractors must have relevant insurance (public and employers' liability)

Approved by the Finance and Corporate Management Committee on Monday 19th October 2020

Approved by full Council on Thursday 5th November 2020

Reviewed on Thursday 2nd November 2023

Next Review Due: Thursday 7th November 2024