GLEMSFORD PARISH COUNCIL

INTERNAL CONTROL POLICY STATEMENT

SCOPE OF RESPONSIBILITY

The Accounts and Audit Regulations 2003 states that a 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.

Glemsford 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. 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 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 and 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. Internal controls are set up by the RFO but it falls on the 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, the recording of assets, the identification of risk, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage risks efficiently, effectively and economically.

PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT

The Council

The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chair signs the first page of the minutes and initials all other pages. Decisions made are within the Standing Orders and Financial Standing Orders laid down and approved by the Council. The Council reviews its obligations and objectives and approves budgets for the following year at its November/December meeting. The meeting of the Council in December approves the level of precept for the following financial year. The Council monitors progress against its aims and objectives by receiving a monthly financial statement and a quarterly Actual against Budget Report, which it approves at its Council meetings. Payments are made in accordance with Standing Orders and Financial Standing Orders.

<u>Online banking</u>

The Council's Payment Control Service with Lloyds Bank states every payment requires two Users (as in Delegate Users) to participate in the control process ie. One User sets up/approves a payment instruction and the second User authorises that instruction. This is the Parish Council's banking mandate. Three councillors have User status- two with Full Access and one

with Delegate Access – and the Clerk/RFO has Delegate User status in order to set up payments to be authorised by any of the councillor Users. The authorising User will check the payment schedule agrees with amount on the invoice and with the payee details on the invoice.

Cheque payments (occasional)

Two councillor 'signatories' must sign all cheques and payment schedules. The signatories will also initial the cheque stubs and invoices. The signatories will ensure the cheque/payment schedule agrees with the amount on the invoice and the payee named on the invoice. The Clerk/RFO has delegated authority for for payment authorisation, which is reported to council at the next available meeting.

Council agrees the receipts and payments made for each month. Employee salaries are paid monthly directly into bank accounts by Standing Order.

The intended bank payment details are supplied by the RFO for inspection at each Council meeting for authorisation following that meeting. At the year-end, the Finance working group Lead councillor ensures that the bank reconciliation totals are reconciled to the relevant bank statements and signs the bank reconciliation and bank statement as evidence of this check.

At least once in each quarter a member other than the Lead or an authorised signatory shall be appointed to verify bank reconciliations (for all PC accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council. The Council regularly reviews its internal controls, systems and procedures.

Clerk to the Council / Responsible Financial Officer

The Council has appointed a Clerk to the Council, who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer 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 policies are maintained and adhered to. The RFO submits all the requested information to the External Auditor by the required date. The RFO arranges for the public notices to be displayed. The RFO will retain all relevant documents relating to the financial year as per the council's document retention policy.

Internal Auditor

The Council appoints an independent, competent Internal Auditor, who reports to the Council on the adequacy of its records, procedures, systems, internal control, regulations, risk management and 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 inspects the accounts at the year-end (prior to completion of the Annual Return & Governance Statement or AGAR) and completes the Internal Audit section of the Annual Return. The internal auditor writes a separate report to the Council detailing any findings they might have. The report of the internal auditor is copied to all members of the Council and considered as an agenda item at the next meeting. Recommendations from the report are recorded in the minutes.

External Auditor
The Council's External Auditors, appointed by the Audit Commission, submit an annual Certificate of Audit, which is presented to the Council.

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 and any issues identified by:
1. Full Council – identification of new activities.
2. Clerk to the Council/RFO who has responsibility for the development and maintenance of the internal control environment and managing risk.
3. Independent Internal Auditor who reviews the Council's system of internal control.
4. The Council's External Auditors who make the final check using the Annual Return, a form completed and signed by the RFO, the Chair and the Internal Auditor.
5. Council meetings and on-going business – significant issues that are raised during the year.

Adopted: Feb 2024 reviewed March 2026