

Ardleigh Parish Council

System of Internal Control

Scope of Responsibility

Ardleigh Parish Council (the Council) is a local authority funded by public money and is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council's accountability framework is 'risk' based; proportionate to that risk and to the amounts of public money involved and to the stakeholders' need for assurance.

The Purpose of the System of Internal Control

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority's policies, aims and objectives and to evaluate and manage those risks accordingly.

The Internal Control Environment

The Council:

- appoints a Chair to be responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful with the Clerk's advice.
- reviews its obligations and objectives and approves budgets for the following year at (or before) its January meeting. This meeting also approves the level of precept for the following financial year.
- Normally meets 12 times each year and monitors progress against its aims and objectives.

The Council Clerk /Responsible Financial Officer:

- is appointed by the Council to act as the Council's Proper Officer, adviser and administrator.
- is the Council's Responsible Financial Officer and is responsible for administering the council's finances.
- is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks.
- ensures that the council's procedures, control system and policies are adhered to.

Payroll Controls:

- All staff have a contract of employment with clear terms and conditions.
- Salary paid to agree with that approved by the Council.

- PAYE is being properly operated by the Council using an electronic system (currently HMRC Basic Tools) as an employer and monthly submission are made to HMRC.

Payments:

- Invoices received are allocated a unique #number, reported to the Council for approval and listed in the minutes of each meeting
- Direct Debits are confirmed annually.
- Are made by bank transfer with the prior approval of 2 councillors, or, occasionally, by cheque signed by 2 councillors (who also sign the relevant counterfoil). Note that where physical meetings do not take place lists of payments are provided and approved by email with copies of individual invoices available on request.
- Although internet banking payments can be set up and made by the Clerk alone, only payments which have been previously approved, either by a resolution at a meeting or, in exceptional circumstances via email confirmation by at least two bank signatories, may be made. Additional checks of all transactions are made by the Councillor responsible for internal financial control (see below).

Income

- Is banked in the Council's name in a timely manner and reported to the Council
- Where possible all income should be received by bank transfer

Internal financial control and reconciliation

- All financial transactions (payments made and income received) are recorded electronically and coded to the appropriate budget line and a file of supporting paperwork is maintained.
- Regular (normally monthly) financial reports showing progress against budget (numeric and %) are provided to the Council.
- A bank reconciliation is conducted regularly (normally monthly) and balances of bank accounts included in the financial reports provided to the Council. The relevant summary page of the bank statement showing balances is also made available to the Council.
- An independent councillor normally checks the bank statements against the approved payments lists and paper copies at least twice per year. Note this was not possible during the 2020-21 pandemic, so an additional measure of providing a copy of the bank statement balances to the whole council was added. Since 2021-22 the independent councillor has conducted full bank reconciliations and reviewed every bank transaction and the associate invoices and approvals.

Risk Assessments (Risk Management)

- assessments are carried out in respect of actions, systems and controls are regularly reviewed.

The Internal Audit

- is carried out by an independent Internal Auditor who reports to the Council on the adequacy of its records, procedures, systems, internal controls, regulations and risk management reviews.

Standing Orders

- the Council has adopted the Model Standing Orders as recommended by NALC with some edits including updates for remote meetings

Financial Regulations

- the Council adopts and reviews updates as necessary each year.

VAT

- VAT payments are identified, recorded and reclaimed.

Petty Cash

- There is no provision for petty cash, any incidental expenses are dealt with through the payments system above

Asset Register

- the Council maintains a register of all material assets owned or in its care. The Clerk updates as and when necessary and this is approved annually.

Insurance

- The Council's insurance provision is reviewed annually both in relation to its schedule of cover and its value for money. Where deemed appropriate the Council may choose to contract with its insurer for a period of more than a year where this provides best value.

Code of Conduct

- Each member must sign acceptance of the Code of Conduct as part of their acceptance of office and complete a Register of Interest form. Members to consider all items on the agenda and ensure that any interest is declared at the beginning of the meeting or before the matter is discussed.
- an item 'Declarations of Interest' will be placed on every agenda.

Review date March 2022

Next Review date before March 2023