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## **Haddenham Parish Council Statement of Internal Control**

Adopted 15<sup>th</sup> February 2021

Reviewed January 2023

### **1. Purpose of the policy**

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.

The purpose of the annual governance statement is for an authority to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for.

The Council must assert that it has maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. An effective internal control processes needs to be in place and monitored in order to achieve this

### **2. Responsibilities**

- 2.1. The Council as a corporate body is responsible for setting the precept and approving the annual governance and accountability statement. These responsibilities cannot be delegated.
- 2.2. The Finance and General Purposes Committee has delegated responsibilities for management of the Council's finances, policies and procedures and reports back to Council at each meeting.
- 2.3. In accordance with section 151 of the Local Government Act 1972, the Council employs a Clerk who is also the Responsible Finance Officer and is responsible for the financial administration of the Council.
- 2.4. The Council appoints a suitably qualified internal auditor who will carry out an independent audit of the Council's finance records and control systems. Any issues raised by the internal auditor are noted and addressed.
- 2.5. The scope and plan of the internal audit will be assessed by the Council to ensure that it properly takes into account and minimises risk to the Council.
- 2.6. An external auditor is appointed in line with the statutory audit and accounting framework. All notices in respect of the Annual Governance and Accountability Return will be posted by the Clerk on the Council's website and noticeboard.

### **3. Controls**

#### **3.1. Standing Orders**

The Council will adopt and annually review standing orders to govern how it operates. The policy will be based on the latest NALC recommended template documents. The Chair of the Council and the Clerk will be responsible for ensuring that the Standing Orders are followed.

#### **3.2. Financial Regulations.**

The Council will adopt and annually review finance regulations to ensure it operates within the legal framework. The policy will be based on the latest NALC recommended template documents. The regulations will include the procurement framework and spending.

#### **3.3. Scheme of Delegation**

- 3.3.1. The Council will delegate to its committees and officers responsibility for day-to-day management of its assets and routine expenditure.
- 3.3.2. Terms of reference for each committee including delegated responsibilities will be prepared and reviewed annually at the Annual Parish Council meeting, where committee members will also be appointed.
- 3.3.3. The decisions of each Committee will be recorded in the minutes of its meetings and these will be noted at the next meeting of the Council.

#### **3.4. Banking Arrangements**

- 3.4.1. All accounts held will be set up with a minimum of 4 account signatories who will include the Chair and Vice-Chair of the Council.
- 3.4.2. The Clerk will be a signatory on the accounts for administrative purposes only and cannot authorise payments.
- 3.4.3. Each transaction (cheque or BACS) will require authorisation by two signatories.
- 3.4.4. The account signatories will be reviewed and confirmed annually.
- 3.4.5. The Clerk will hold a charge card linked to the Council's current account that can be used for purchases in shops or online. The maximum limit of expenditure on the card will be £1,000.

#### **3.5. Investments**

The Council will adopt and annually review an investment policy which will be based on the priorities in order of Security - Liquidity – Yield.

#### **3.6. Payments and Receipts**

- 3.6.1. All invoices will be checked by the Clerk who will certify that the work, goods or service to which the invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council.
- 3.6.2. Certified invoices will be scanned and emailed to two account signatories for checking before payment. For expenditure on the charge card invoices will be certified by the Clerk and then initialled by two account signatories.
- 3.6.3. The Council subscribes to Rialtas Business solutions (RBS) for a specialist Omega finance software. The Clerk is responsible for maintaining an accurate and up to date set of accounts.
- 3.6.4. A list of payments over £500 will be prepared for the Council at each meeting and will be recorded in the minutes. The receipt of the precept payments will be noted.
- 3.6.5. Payments made under contract by direct debit will be monitored for frequency and accuracy and a schedule prepared for review by the Council. A review of direct debits will be carried out at the Annual Meeting of the council.

### **3.7. Financial Reporting**

- 3.7.1. The Clerk will prepare quarterly finance reports to monitor income and expenditure against budgets. These will be reviewed in detail by the Finance and General Purposes Committee and reported to full Council.
- 3.7.2. Quarterly bank reconciliations will be checked against bank statements and signed by a member of the Finance and General Purposes Committee and confirmed at the meeting.

### **3.8. VAT**

The Council is VAT registered and set up to submit quarterly VAT returns electronically via Omega. For larger projects where it may be possible to opt to tax the Council will obtain advice from a VAT specialist.

### **3.9. Budgeting and Precept setting**

Once the half year finance reports are available budgeting for the next financial year will commence based on the current year position and projected year-end. Each committee will review its budgets for submission to the Finance and General Purposes Committee who will carry out a detailed budgeting process once the tax base is known usually in December. The precept will be resolved at a full meeting of the Council in line with the budget.

### **3.10. Reserves**

The Council will adopt and annually review a reserves policy.

### **3.11. Risk**

The Council will carry out an over-arching risk assessment of its activities which will be reviewed annually. Individual risk assessments will be carried out where required, to ensure health and safety guidelines are implemented.

### **3.12. Loans and Long-Term Liabilities**

The Council does not currently have any outstanding loans.

### **3.13. Fixed Assets and Equipment**

The Council's assets need to be secured, properly maintained and efficiently managed by use of an Asset Register which is reviewed annually. Appropriate procedures need to be followed for any asset disposal and for the use of any resulting capital receipt.

## **4. Staff and salaries**

- 4.1.1. The Council has delegated responsibility for staffing matters to its Personnel Committee.
- 4.1.2. All staff will be employed on NALC template contracts, on a specified scale point of the NALC and SLCC salary scales.
- 4.1.3. Staff appraisals will be carried out annually in March with an interim appraisal in October.
- 4.1.4. Salaries will be reviewed in line with NALC recommendations annually in April.
- 4.1.5. A payroll specialist is employed to prepare the monthly payslips and amounts due to HMRC and pensions.
- 4.1.6. The Council will enrol all eligible employees in The People's Pension Scheme of which it is a member.
- 4.1.7. A budget for staffing will be recommended to the Council by the Personnel Committee each year when setting the precept.

## Internal Control Monitoring Financial Year 2022-23

<b>Annual Checks</b>	<b>Due date</b>	<b>done</b>
Review of Standing Orders	May 2022	May2022
Review of Finance Regulations	May 2022	May2022
Review of Committee Terms of Reference	May 2022	May2022
Appointments to Committees	May 2022	May2022
Confirmation of bank account signatories	May 2022	May2022
Review of Direct Debits	May 2022	May2022
Confirm account signatories	May 2022	May2022
Review of asset register	March 2023	
Review of Risk assessment	May 2022	January 2023
Review of investment strategy	October 2022	January 2023
Review of reserves policy	October 2023	January 2023
Review of scheme of delegation	May 2022	May 2023
Staff interim appraisals	October 2022	partially
Staff annual appraisals	March 2023	
Salary review / NALC pay rises	April 2022	October 2022
Year End Internal Audit (prior year)	June 2023	
Annual Governance Statement (prior year)	June 2023	
Annual Accounting statement (prior year)	June 2023	
Review of effectiveness of the Internal Audit (prior year)	July 2023	
Interim Internal Audit (current year)	October 2022	January 2023
Agree a budget for the next financial year	January 2023	January 2023
Approve the precept for the next financial year	January 2023	January 2023
<b>Quarterly Checks</b>		
Quarterly Finance reports to Council & budget review	Q1	July & October
	Q2	December / January
	Q3	January /April
	Q4	
Bank reconciliations checked & signed	Q1	
	Q2	
	Q3	
	Q4	
List of payments noted and signed	Mar-Jun	June
	Jul-Sept	October
	Oct-Dec	January
	Jan-Mar	