



Hadstock Parish Council

Policy Statement of Internal Control

1. Scope of the Policy

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

Regulation 3 of the Accounts and Audit Regulations 2015 states

‘a relevant authority must ensure that it has a sound system of internal control which ~

[a] facilitates the effective exercise of its functions and the achievement of its aims and objectives

[b] ensures that the financial and operational management of the authority is effective and

[c] includes effective arrangement for the management of risk’

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk and reduce it to a reasonable level rather than to eliminate all risk of failure to achieve policies aims and objectives. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is ongoing and the process is designed to identify and prioritise the risks to the authority’s policies aims and objectives and to evaluate and manage the risks accordingly.

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; setting of the precept and approval of the annual return and governance statement. The Council may and have delegated responsibility for dealing with the consideration and approval of all other financial matters to the Responsible Financial Officer (RFO) subject to the approval of the delegation arrangements.

The Council has made and will keep under review Financial Regulations and includes within its Standing Orders particular provisions relating to contracts. The Councils system of internal control is ancillary to and underpins the Financial Regulations and Standing Orders.

The Council must appointment a Chairman who is responsible for the smooth running of meetings and ensures that all council decisions are lawful with the advice of the Parish Clerk. Neither the Chairman or any individual councillor may make decisions on behalf of the council.

- **The Council must appoint an Internal Auditor**
- **The council must approve the annual budget**
- **The Council must approve and demand the precept from Uttlesford District Council**

Adopted 07 July 2022

Reviewed 15 June 2023. 07 March 2024

The council will approve the minutes as an accurate account of meetings and will be signed in full on the final page by the Chairman of the meeting at which they are presented (each page will be initialled)

Decisions of the Council are made in accordance with Standing Orders and Financial regulations.

The Council will note the monthly finance report which will include bank reconciliation which shows payments /receipts through the bank account and expenditure against budget.

The council will approve the payment schedule as verified and presented to the council each month by RFO/Clerk

3.2 Officer of the Council

Hadstock Parish Council has appointed a Parish Clerk who, as the proper officer, acts as the council's adviser and administrator. The Clerk is also the RFO and is responsible for administering the council's finances. The Clerk is responsible for the day-to-day compliance with laws & regulations that the council is subject to for managing risk. The clerk also ensures that the council's procedures, control systems and policies are maintained & observed.

The duties of the Clerk/RFO are laid down in a job description which is reviewed from time to time by the Council.

The Clerk/RFO shall check and authorise payments prior to their presentation for approval by the Council and subsequent signing of cheques in accordance with the approved financial procedures.

The Clerk/RFO submits all the required/requested information to the internal and external auditor by the required dates.

The Clerk/RFO will arrange for all public notices to be displayed on the Village notice board and website.

The Clerk/RFO will account for VAT and s137 payments accordingly

The Clerk/RFO retains all relevant documents relating to finances in accordance with best practice and the council's document retention policy (Annual Return VAT returns public notices asset register risk assessments accounts and supporting information)

The Clerk keeps the Parish Council cheque book and ensure that cheques for payment are presented correctly for signature and that the cheque stub is initialled by the signatories

The Parish Council does not operate Petty cash.

The payroll is out sourced to ClearTax but the Clerk/RFO is responsible for ensuring payments to HMRC related to PAYE/NIC are paid in good time.

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3.3 Internal Auditor

The council will appoint a suitable, independent auditor who will report to the council in accordance with the scope of internal audit sufficient to provide adequate level of assurance for the council to complete assertions 2 & 6 in its Annual Governance statement

The internal auditor will be appointed annually and this will be minuted.

The report of the Internal auditor will be considered at the following council meeting.

3.4 External Audit

The Councils external auditor are appointed in accordance with the current statutory accounting and audit framework. Section 9 of The Local Audit (Smaller Authorities) Regulations 2015 applies to Hadstock Parish Council whilst having a gross income or expenditure under £25,000 an exemption certificate will be completed as part of the Annual Governance and Accountability Return. **This is reviewed at the end of each financial year depending on income and expenditure.** All documentation will be displayed on the Parish Council website which include the exercise of elector's rights and conclusion of audit as required by regulation.

4. Financial & Accounting Procedures

4.1 Financial regulations

The financial regulations will be reviewed for continued relevance and amended where necessary via the Parish Council

4.2 Cheque/payment 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 cheque

4.3 VAT

The Clerk/RFO ensures the proper VAT invoices are received where VAT is payable and accounted for within the account's spreadsheet.

4.4 Cash & cheque handling/security

The Clerk will receive all income. Any cash (although not preferred) and cheques shall be kept safely, to be paid into the Parish Council's bank account as soon as reasonable.

All income shall be reported via the monthly finance report.

The RFO will ensure the amount of the precept is correct and that all instalments are received.

4.5 Salaries and other payments

Salaries are currently paid monthly by cheque. The external payroll is undertaken by Cleartax and the information sent from the company will be used for payment of salary for the Clerk, payments and requirements to HMRC. Pension contributions are not required.

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Milage and any other expenses shall be reimbursed in accordance with the rates approved by the council. A claim form will be completed and counter signed by the Clerk. In the case of the Clerk being the claimant, a cheque signatory will counter sign

4.6 Budgetary Control

The Clerk (RFO) will ensure that all accounts certified for payment are endorsed within the correct budget line

The Clerk (RFO) shall every month reconcile the parish council's accounts taken from the account's spreadsheet with the relevant bank statement.

The council will receive monthly the finance report which will note the reconciliation of accounts and budget against expenditure.

The Parish council will review and agree the budget and consequent precept for the next financial year starting on 01 April at least by the January meeting of that year.

4.7 Procurement

Financial regulations provide a framework and set procedures for dealing with contracts of defined 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 those nominal expenses to support the Parish council's administration 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 £1000. The clerk shall report the action to the council at the next meeting

5. Asset Management

The council's asset register is to be reviewed annually, having been re-stated for the year end 2022. No property shall be sold leased or otherwise disposed of without the authority of the council.

6. Risk management

The councils base risk assessment which includes land property and activities are to be reviewed annually

7. Review of effectiveness

The Council has responsibility for conducting regular reviews 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 the Council, The Clerk/RFO Internal Auditor and the Councils' External Auditor.

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Reviewed 15 June 2023. 07 March 2024