

Payhembury Parish Council

Internal Control document

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1. General

- 1.1. Payhembury Parish Council is responsible for ensuring that its business is conducted in accordance with the law, proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.2. Regulation 3 of the Accounts and Audit Regulations 2015 states that ‘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;
 - c) includes effective arrangements for the management of risk’.

2. The purpose of Internal Control

- 2.1. The system of internal control is designed to manage risk and reduce it to a reasonable level in order to achieve policies, aims and objectives and, therefore, it can only provide reasonable and not absolute assurance of effectiveness.
- 2.2. The system of internal control is on-going and the process is designed to identify and prioritise the risks to the Parish Council’s policies, aims and objectives and to evaluate and manage the risks accordingly.

3. Responsibility for Internal Control

- 3.1. The Parish Council should understand its internal controls because Councillors will be required to state (as part of the Annual Governance Statement in the Annual Return) that adequate systems of internal control, including measures designed to prevent and detect fraud and corruption are in place and that it has made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
- 3.2. The Parish Council has made and will keep under review Financial Regulations, other relevant policies and Standing Orders that define its responsibilities relating to financial control including management of contracts.

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4. Systems of Internal Control

- 4.1. The following checklist details the systems of internal control and should be used to ensure that the responsibility for internal control is being adequately met by the Parish Council and the Clerk and Councillors.

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CONTROL	REVIEW DATE	HOW	ACTION: CLERK	ACTION: COUNCIL
Appointment of Clerk/ RFO/ Proper Officer	As necessary	Full meeting	Leaving Clerk to provide adequate hand-over	To appoint a suitably qualified and experienced Clerk/ RFO
Appointment of Internal Auditor	Annual	Full meeting	To provide IA with complete set of accounts prior to completion of the AGAR	To appoint a suitably qualified and experienced IA
Audit Trail	As necessary	Clerk	To ensure that all payments and receipts are properly recorded, tracked and referenced from order to completion	To monitor payments and receipts as per the reconciliation and financial reports provided by the Clerk
Budget and financial monitoring: Budget Monitor Cash Book Bank Reconciliation Bank Statements Invoices/ Receipts Cheque Book/ Paying in Book Petty Cash	Bi-monthly As necessary Quarterly Quarterly As necessary As necessary N/A	Full meeting/ Clerk	To report on all aspects of income, expenditure, payments for consideration. To provide relevant receipts and invoices and reconciliation documents along with bank statements and details of any cash received/ held	To consider and note the reports on Council finances as provided by the Clerk
Budget and financial planning: Budget proposal/ approval Precept setting	Annual Annual	Full Meeting	To produce a budget and precept proposal to full Council	To consider and approve the budget proposal and set precept in line with evidence provided by the Clerk
Compliance with HMRC PAYE	Monthly/ Annual	Basic Tools	To update the employee payments PAYE using the HMRC Basic Tools software and to submit end of year payments	To ensure payments have been submitted
Compliance with publication of public notices: Agenda Minutes	Bi-monthly Bi-monthly	Website/ noticeboards	To ensure all public notices have been completed and displayed in a timely manner	To ensure they receive and approve relevant papers/ notices

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CONTROL	REVIEW DATE	HOW	ACTION: CLERK	ACTION: COUNCIL
AGAR Exercise of Public Rights Conclusion of External Audit (when required) Constitutional documents Asset Register	Annual Annual Annual Annual Annual			
Document Safety: Hard Files Computer Files Website Email	As necessary As necessary As necessary As necessary	Clerk/ Councillors	To ensure that appropriate measures are in place for document storage, protection of computer passwords and that virus protection, spyware and security is in place. Sensitive information is password protected, documents are signed and archived regularly.	To ensure that Council documents are kept safe and that appropriate computer security is in place, to use Council email address and ensure that they adhere to policy when dealing with Council documents and property.
End of Year Accounting and Audit regulations: AGAR External Audit (when required)	Annual Annual	Full Meeting	To prepare receipts and payments accounts and supporting documents in line with AGAR (and external audit).	To consider and adopt the accounts and to approve AGAR papers
Insurances	Annual	Company	To ensure that appropriate insurances are in place and up to date and report to Council as necessary	To receive Insurance reports as necessary
Management of banking facilities and arrangements	As necessary	On-line	To ensure that facilities meet the requirements of the Council	To liaise with the Clerk and ensure facilities meet the requirements of the Council
Management of VAT: Record VAT on payments VAT Reclaim	As necessary When reclaim reaches £100	Clerk VAT 126	To appropriately record VAT payments and submit the VAT return using the appropriate forms	To ensure that the VAT return has been submitted and to check VAT against payments with finance monitoring

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Meetings of Committees	N/A	N/A	N/A	N/A
Meetings of the full Council	Bi-monthly	Parish Hall	To produce and serve relevant papers on the Council and public as necessary	To attend Council meetings and observe the 6-month rule and produce updates and reports as necessary
Relevant policy and procedure: Financial Regulations Code of Conduct Standing Orders Scheme of Delegation Parish Council Risk Assessment Internal Control Other Risk Management Relevant Legislation Other policies & procedures	Annual Annual Annual Annual Annual Annual Annual Annual As necessary Frequency defined in the Document Register	Full Meeting	To ensure that all policies and procedures are up to date and in place and to ensure Council is informed of all legislation relating to its functions/ business	To familiarise themselves with all relevant policy, procedure and legislation and to adopt policies as necessary
Staff contract up to date	As necessary	Full Meeting	To ensure that the Clerk's contract is up to date and reviewed as necessary	To ensure that staff reviews inform contract for review
Staff/ Councillor Review	Annual	As agreed	To attend relevant Appraisal or review as necessary and consider personal development and action plan	To review and appraise the Clerk as necessary
Training and Development	As necessary	Full Meeting	To produce a record of training and identify relevant training and training budgets for Clerk and Councillors	To identify areas of training and attend relevant training identified for their role by the Council or via personal review