

WINKLEIGH PARISH COUNCIL INTERNAL CONTROL POLICY

This procedure is a document that sets out Winkleigh Parish Councils approved and agreed practices. Any deviation must be by resolution of the full Council.

DOCUMENT NO:	WPCP/5		
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Developed by:	Winkleigh Parish Council		
Approved by:	Winkleigh Full Council		
Ratified/Adopted by	15/05/2019		
Approval date:	25 th July 2018		
Minutes:	57.19 RR065/05/19		
Review date:	May APCM 2020		
Version no:	1		
Version Control And Revisions:			
Version	Point	Description of Change	Date

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INTERNAL CONTROL POLICY FOR THE FINANCIAL YEAR ENDING 31st MARCH 2019

1. 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

The Winkleigh Parish Council (the 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.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk 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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control will be in place at the Council for the year ended 31 March 2019 and up to the date of approval of the annual accounts and accords with proper practice as set out in the Practitioners' Guide *Governance and Accountability in Local Councils* (2016 Edition). It will be reviewed in March 2019

3. PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT

3.1 The Council:

- a. The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chairman signs the last page of the minutes and initials all other pages.
- b. Decisions made should be within the Standing Orders and Financial Regulations laid down and approved by the Council.
- c. The Council reviews its obligations and objectives and approves budgets for the following year at its November meeting. The November meeting of the Council approves the level of precept for the following financial year.

- d. The Council receives a monthly financial statement which it approves at its Council meetings. Payments are made in accordance with Standing Orders and Financial Regulations.
- e. Two councillors must sign all cheques. The signatories will also initial the cheque stubs. The signatories will ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice.
- f. Two councillors must sign the schedule of online payments presented at the pcm for online banking. The signatories will ensure that the amount of the invoice matches the amount on the schedule for payment. Two Councillors will check and sign the schedule against the online bank account at the agenda meeting each month to ensure no unauthorised transactions have taken place.
- g. The Clerk / RFO may not authorise payments, but a resolution from the Council proposed and seconded will agree the receipts and payments made for each month.
- h. At the year end, the Chairman shall ensure that the cash book totals are reconciled to the year-end bank statement and shall sign the cash book and the yearend bank statement as evidence of this check.

3.2 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 polices are maintained. The duties of the Clerk / RFO are laid down in a Job Description which is reviewed each year.

- a. The RFO submits all the requested information to the External Auditor by the required date
- b. The RFO arranges for the public notices to be displayed
- c. The RFO will retain all relevant documents relating the financial year for 10 years (Annual Return, VAT Returns, PAYE/NIC information, Public notices, Fixed Asset register, Risk assessments; accounts and supporting information)

3.3 Internal Auditor

- a. The Council has appointed an Independent Internal Auditor who will report to the Council on the adequacy of its:
 - Records
 - procedures
 - systems
 - internal control
 - regulations
 - risk management
 - reviews
- b. 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.
- c. The scope of the work (and the charge) of the IA is reviewed annually and the review and the appointment is minuted.
- d. The IA will inspect the accounts at the yearend (prior to completion of the Annual Return pages 2 and 3) and will complete page 5 of the Annual Return

- e. The IA will write a separate report to the Council (a copy of which is sent to the Chairman) detailing any findings they might have.
- f. The report of the IA is copied to all members of the Council and considered as an agenda item at the next meeting. Recommendations from the report will be recorded in the minutes.

3.4 External Audit:

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

4. 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:

- a. Full Council – identification of new activities
- b. Clerk to the Council / Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks – risks identified
- c. Internal Auditor who reviews the Council's system of internal control. The auditor will make a written report to the Council (in addition to Section 4 Report in the Annual Return.) – action arising from reports
- d. The Council's External Auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor. The External Auditor issues an annual audit certificate – action arising from Audit Report.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

The significant internal control issues identified during the financial year to 31st March 2018 were:

"No Matters of Concern"

All other matters as below have now been addressed

Recommendations to support future risk control are:

Statutory Requirements in Standing Orders to be listed in Bold type

Website documents to have 'draft' removed after approval and pdf file format to be used for all documents on the website

Minutes – recommend the use of "matters arising" is reviewed, part 2 items to be preceded with the Act, and late items at chairs discretion to have "no decisions to be made during this item" added

6. EXTERNAL AUDIT OPINION

There were no significant matters raised on the Annual Return for the financial year to 31st March 2018

7. RISK ASSESSMENTS / RISK MANAGEMENT

The Clerk/RFO will report on risk assessment to the Meeting as and when necessary. The Parish Council's insurance cover will be reviewed at the May Meeting prior to renewal on 1 June and the level of Fidelity Guarantee Insurance has been raised to the recommended level (balances + half of precept, being the maximum amount of cash at risk at any time).

Please note that fundraising activities/successful funding applications should be taken into account as they may increase the amount of funds held at any given point.

8. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council and the Council must also approve the Statement on Internal Control.
