

TANGMERE PARISH COUNCIL



Internal Control Policy

Introduction

Tangmere Parish Council is a local authority funded largely by public money and is responsible for ensuring its financial business is conducted in accordance with the law and proper standard, and the public money is safeguarded, 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 included arrangements for the management of risk.

The Council is required to review at least annually the effectiveness of its systems of financial control. This is informed by the work of the Internal Auditor and the Council as the body corporate who has responsibility for the development and maintenance of the internal audit environment and any comments made by the Council's appointed internal and external auditors in their respective interim and annual reports.

Purpose of the System of Internal Controls

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;
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and;
- Manage them efficiently, effectively and economically.

The Internal Control Environment

The Council:

- Has adopted Financial Regulations which set parameters for its financial operations.
- Reviews its obligations and objectives and approves budgets in October and again in December for the following year.
- Approves the level of precept for the following financial year at its January meeting.
- Appoints a Councillor to carry out monthly bank reconciliation checks.
- Full Council and Committees meet bi-monthly and monitors financial position by receiving relevant reports from RFO/Clerk.
- Appoints two financial scrutineers from Finance Committee membership to undertake quarterly checks of a sample of the accounts.
- Carries out regular reviews of internal controls, systems and procedures.

The Clerk

- Has been appointed by the Council and acts as the Council's adviser and administrator.
- Is the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances.
- Carries out regular budget monitoring and reports quarterly to the Council.

- Is responsible for day-to-day compliance with the laws and regulations that the Council is subject to and for managing risks.
- Ensures that the Council's procedures, control systems and policies are adhered to.

Payments

- All payments are reported to the Council for approval.
- Two members of the Finance Committee must authorise the payment sheets and adhere to the Council's Financial Regulations as appropriate.
- Payments are made by direct debit, standing order or BACS transfer, with online payments being raised by the Clerk and authorised by two Councillors.
- Where delegation permits, as per the Local Government Act 1972, s10(1a) and the Council's Financial Regulations, a report will be provided to the next Full Council.
- Regular payments are reviewed annually by the Council.

Risk Assessments/Risk Management

- The Council maintains up to date risk assessments as appropriate, reviewing the documents at least annually, and regularly reviews its systems and controls.
- The Council seeks and receives appropriate property, legal, insurances and health and safety advice as appropriate to manage risk.

Internal Audit

- The Council appoints an independent and competent internal auditor who reports to the Council on an interim and annual basis on the adequacy of its records, procedures, systems, internal controls and risk management.
- Any issues raised by the Internal Auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales.
- The Council reviews the effectiveness of internal audit annually.

External Audit

- The Council has an appointed External Auditor to undertake a limited assurance review.
- Following completion of the External Audit the annual Certificate of Audit is provided which is presented to the Council.

Review of Effectiveness

The Council has responsibility for conducting a review of the effectiveness of the system of internal control and internal audit process, which is monitored and informed by:

- The Council
- The Clerk to the Council/Responsible Financial Officer
- The work of nominated Councillors reporting to the Council as the 'body corporate'.
- The work of the independent Internal Auditor.
- The External Auditors through the Annual Return.

Adopted:

Next Review due: