

GAYDON PARISH COUNCIL
INTERNAL CONTROLS POLICY

Version Control

Version 1: 2021 original document

GAYDON PARISH COUNCIL **INTERNAL CONTROLS POLICY**

1. SCOPE OF RESPONSIBILITY

Gaydon Parish Council is responsible for ensuring 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 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 CONTROLS

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk. It cannot provide an absolute assurance of effectiveness. The system of control is based on an on-going process to identify the risks to achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically

3. THE INTERNAL CONTROL ENVIRONMENT

The Council...

- Has appointed a Chairman responsible for the smooth running of meetings
- Meets at least four times each year, including an annual meeting in May
- Approves budgets for the following year at its December/January meeting. The January meeting of the Council approves the level of Precept for the following financial year
- Monitors the actual expenditure against budget at each meeting
- Appoints and reviews the work of the Internal Auditor
- Has appointed three members empowered to authorise payments
- Has appointed a further member to undertake a quarterly reconciliation of the bank accounts

The Clerk to the Council/RFO...

- Is responsible for administering the Council's finances
- Is responsible for the day to day compliance with the law 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 each meeting of the Parish Council. Two members must authorise every payment after review of the accompanying invoice

Risk Assessments/ Risk Management:

The council carries out a risk assessment in respect of actions and regularly reviews its systems and controls

Internal Audit:

The council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal controls
- Regulations
- Risk Management
- Reviews

The effectiveness of the independent internal audit is reviewed annually

External Audit:

The Council's External Auditors are appointed by the Smaller Authorities Audit Appointments Ltd (SAAA) and submit an annual Certificate of Audit, which is reported to the Council

4. REVIEW OF EFFECTIVENESS

The Council is responsible 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 of:

- The Full Council
- The Clerk to the Council/RFO who has the responsibility for the development and maintenance of the internal control environment and managing risks
- The independent Internal Auditor who reviews the Council's system of internal control
- The External Auditor, who makes the final check using the Annual Return and issues an annual audit report (part 3 of the Annual Governance and Accountability Return).
- The number of significant issues that are raised during the year

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate

This document should be read and used in conjunction with:

- Gaydon Parish Council Financial Regulations
- Gaydon Parish Council Standing Orders
- Parish Council Risk Assessment

Appendix 1: Key Dates

January	Final agreement for budget and then submit precept Q3 finance check by Councillor
February	Check asset register
March	WALC subscription renewal
April	Rollover all financial spreadsheets First precept payment received Approve Standing Orders and Direct Debits Q4 finance check by Councillor
May	Insurance renewal
July	Q1 finance check by Councillor
October	Second precept payment received Q2 finance check by Councillor
November	First draft of budget discussion Play area safety inspection
December	Second draft of budget discussion

Appendix 2: Gaydon Procedures for Facilitating the External Audit

1. Contact internal auditor to agree general process for the year [February]
2. Await letter from PKF Littlejohn (or whomever is the external auditor appointed for the year) with the Annual Return and date for all documents to be with them [End March]
3. Complete financial accounts for the year [Beginning April]
4. Arrange for internal audit – ensure they complete section on Annual Return [May]
5. Arrange for the Approval of the Return at a full meeting for the PC before submission date to External Auditor [May meeting]
6. Calculate the figures to be entered into the Annual Statement of Accounts and all the supporting documents and circulate to the PC prior to the meeting [May]
7. Complete the Annual Return at a Parish Council meeting. Ensure Chair and Clerk has signed and minute reference given. The Statement of Governance must be approved before the Statement of Accounts. The minutes should clearly show this and be proposed and seconded [May meeting]
8. Prepare the Notice of Public Rights & Publication of the period for the exercise of public rights. Calculate the time period (notes from auditor will give you the time frame) and complete the form for the auditor [Dependant on meetings]
9. The Annual Return and notice with the local Audit and Accountability Act 2014 must be published with a statement of the status of the accounts on the website the day before the notice is put on the village hall notice board and the time commences
10. Send auditor the following: Annual Return, supporting documents (i.e. bank reconciliation, variance explanation, earmarked reserves etc.) – unless the payments and/or receipts are below the £25k threshold, in which case, you can send in the Certificate of Exemption, stating that you are below the minimum threshold and are exempt of external audit for the year
11. When audit is complete, advertise the closure as requested