



RINGSTEAD PARISH COUNCIL

Chairman: William Jacob
Clerk and RFO: Simon Lee

Internal Control Policy

1. Scope of Responsibility

Ringstead Parish Council is a local authority funded by public money and is responsible for ensuring that its business is conducted in accordance with the law and proper practices; 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 includes arrangements for the management of risk.

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 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.

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 & governance statement. The council has made and will keep under review [Financial Regulations](#) and includes within its [Standing Orders](#) particular provisions relating to contracts. The council's System of Internal Control is ancillary to and underpins the Financial Regulations and Standing Orders.

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful, taking advice from the Clerk & Responsible Finance Officer (RFO).

The Council meets eleven times a year and holds additional extraordinary meetings as required.

The Council approves a budget and sets the annual precept for the following year at its December or January meeting. The approved annual budget forms the basis of financial control for the ensuing year.

The Council reviews its obligations and objectives, financial systems and procedures, budgetary control and receives financial reports at each of its ordinary meetings from the Clerk and RFO. The Council regularly reviews its internal controls, systems and procedures.

A councillor has responsibility for undertaking bank reconciliation checks at least twice per annum (September and February) and reports to the next council meeting.

The council is responsible for all decisions in relation to changes to bank mandates or setting up new bank accounts.

3.2 Clerk and Responsible Finance Officer

The Council has appointed a Clerk who as Proper Officer acts as the council's advisor and administrator. The Clerk is also the council's RFO 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 policies are maintained. The duties of the Clerk/RFO are set out in a job description.

It is the Council's responsibility to exercise a proper and reasonable degree of control over financial matters.

The Accounts and Audit Regulations 2015 requires that RFO must ensure that the financial control systems are in place and that the accounting records of the authority are kept up to date, including that:

- i. the cashbook is updated for all sums of money received and expended by the authority;
- ii. a record of the assets and liabilities of the authority is maintained.

The Clerk/RFO retains all relevant documents relating to finances in accordance with best practice including the Annual Return, VAT Returns, PAYE, Public notices, Fixed Asset register, Risk Assessments, accounts and supporting information.

3.3 Internal auditor

The council appoints a suitably qualified and experienced Independent Internal Auditor who reports to the council in accordance with the scope of internal audit sufficient to provide an adequate level of assurance for the council to complete assertions 2 and 6 in its Annual Governance Statement.

The effectiveness of the internal audit is reviewed annually, and the council agrees the appointment of the Internal Auditor. The reports of the Internal Auditor are considered at the following ordinary council meeting.

The Clerk/RFO submits all the requested information to the internal auditor by the required date.

3.4 External Audit

The council's External Auditors are appointed in accordance with the current statutory accounting and audit framework and until 2026 are PKF Littlejohn.

The council shall display public notices of the exercise of electors' rights and conclusion of audit as required by regulation.

The Clerk/RFO submits all the requested information to the external auditor by the required date.

4. Financial and Accounting Procedures

4.1 Financial Regulations

The Financial Regulations will be reviewed for continued relevance and amended where necessary via approval by the council annually, normally in January or February.

4.2 Payments

The RFO prepares a schedule of payments requiring authorisation, forming part of the agenda for an ordinary meeting and, presents the schedule to council. The council reviews the schedule for compliance and, having satisfied itself shall authorise payment by approval of the council.

Payments are made by bank payment using internet banking wherever possible. The Clerk is authorised to set up payments, having undertaken appropriate arithmetical checks. At least two Councillors are authorised to view and approve payments . If payment must be made by cheque

two members of the Council must sign every cheque for payment. All authorised signatories are members of the Council. Payments shall not normally be presented for approval other than at a council meeting, unless necessary for safety or risk remediation. Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.

4.3 VAT Repayment Claims

The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable and maintains a VAT account to show that the correct amount of VAT is reclaimed at least once a year.

4.4 Salary

Salaries and other staff payments shall be made by no later than the 15th of each month by BACS. Payments shall be paid on the basis of information agreed and rates reviewed annually and any recommendations on salary will be placed before the council for approval.

An external payroll company is used to provide the information to the Clerk/RFO for payment of salaries, payments and requirements to HMRC and if appropriate pension contributions.

Mileage shall be reimbursed in accordance with HMRC approved rates. Upon the production of appropriate receipts, any other expenses or out of pocket expenses for small day to day items appropriate to the duties of the Clerk/RFO shall be reimbursed.

4.5 Risk Management

The council's risk assessment of its land, property, and activities, are reviewed on an annual basis, normally in February or March.

5. Review of Effectiveness

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. That review must ensure that those systems adhere to the [Joint Panel on Accountability and Governance Practitioners' Guide](#) (JPAG Guide) 'proper practices'.

The review of the effectiveness of the system of internal control is informed by the work of the:

- i. Council
- ii. Clerk and RFO who have responsibility for the design and maintenance of the internal control environment and managing risk
- iii. independent internal auditor who reviews the Council's systems of internal control
- iv. Council's external auditor who makes the final check using the annual return, a form completed and signed by the RFO, the chairman and internal auditor.

Adopted Minute: 8 January 2024 Item 7.m
For review January 2025

Version	Description of Change	Date Effective
Draft for approval	None	08/01/2024