
IRON ACTON PARISH COUNCIL SYSTEM OF INTERNAL CONTROLS

1. SCOPE OF RESPONSIBILITY

Iron Acton Parish Council provides services to, and acts on behalf of its parishioners. As an authority funded by public money, the Council's business must be conducted in accordance with the law and the standards set out for local authorities in England. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively to provide value for money. In order to ensure this the council has put in place a system of internal controls which is reviewed annually.

2. PURPOSE OF THE SYSTEM OF INTERNAL CONTROLS

The system of internal controls is designed to manage risk to a reasonable and proportionate level in accordance with requirements, and to support the achievement of the Council's policies, aims and objectives. It is based on ongoing processes set out in the Council's Standing Orders, Financial Regulations and other relevant policy documents. The Council reports on its financial stewardship annually, as required by law, and is held to account through its annual audited accounts and Annual Council and Parish Meetings, and through the periodic election of its members. All Council Members are required to conduct themselves in accordance with the Code of Conduct adopted by the Council.

3. INTERNAL CONTROL ENVIRONMENT

The Parish Council:

- a. Elects a Chairman at its annual meeting each year to ensure the smooth running of its meetings in line with its Standing Orders
- b. Employs a Clerk who also acts as Proper Officer and Responsible Financial Officer (RFO), advising the Council on law and procedure, and administering its affairs in accordance with its policies and processes
- c. Annually reviews its obligations and objectives, agrees policies and processes, approves a budget as the basis of financial control for the ensuing year, and sets a precept
- d. Approves and publishes an Annual Governance Statement setting out its stewardship of its resources and enabling it to be held to account by parishioners and the general public
- e. Meets regularly (usually monthly) to conduct its business and make decisions on issues before it, including the deployment of its resources in line with its obligations and objectives. These meetings are open to the public and press.

The Clerk to the Parish Council:

- a. Is employed by the Parish Council to act as its principal advisor and administrator and acts under its policy direction
- b. Acts as the Proper Officer of the Council, advising on legislation and procedure as required, including compliance with the Council's Standing Orders, and organising the Annual Parish Meeting
- c. Acts as the statutory Responsible Financial Officer, advising on financial requirements, regulations and compliance; ensuring delivery of value for money; administering the day to day financial activities of the Council; and drafting an annual budget and three year forecast of revenue and capital receipts, and payments
- d. Maintains the financial and accounting records of the Council and presents monthly budget, financial and accounts-for-payment reports to Council meetings

- e. Annually updates for approval by the Council its Financial Regulations, Asset and Risk Registers, Data Protection and Information Security, Freedom of Information and Retention of Documents policies, inter alia
- f. Produces for approval by the Council its annual statement of accounts, annual report and related documents in the Annual Return, submitting it for internal and external audit, and arranging for its publication in accordance with audit regulations

4. PRINCIPAL FINANCIAL COMPONENTS OF SYSTEM OF CONTROLS

The detail of the Council's system of controls is set out in its Standing Orders and Financial Regulations. Principal components include:

- a. **Accounting and audit** – accounting procedures and financial records of the Council are determined in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices. A member of the Council (other than the Chairman) is appointed each year to verify bank reconciliations against statements and report to the Council. The RFO produces the documents contained in the Annual Return after financial year end, for approval by the Council before submission for internal and external audit
- b. **Forward planning and annual budget** – the annual budget is approved at the Council's meeting in December each year in the light of the three year forecast prepared by the Responsible Financial Officer. The approved budget determines the precept agreed by the Council each year, and is used as the principal expenditure control document, with budget reports presented to each ordinary meeting of the Council by the RFO
- c. **Budgetary control and authority to spend** – expenditure on revenue items may be authorised up to totals in the budget for each class of expenditure. Generally, approvals are by the Council as a whole, but provision is made for approval up to specified limits by the Clerk, or Clerk and Chairman where this is in the interests of economy and efficiency. All such approvals are recorded and reported to the next meeting of the Council. Provision is made for the Council to vire money between expenditure classes and from reserves as necessary, by resolution at its ordinary meetings
- d. **Banking arrangements and authorisation and making of payments** – the Council's banking arrangements are made by the RFO and approved by the Council. They comprise a current and a reserve account with the National Westminster Bank. The RFO prepares a schedule of payments for approval at each ordinary Council meeting. Individual payments are authorised by two councillors. All invoices are verified and certified by the RFO before approval for payment
- e. **Income (including collection)** – all sums due to the Council are collected on its behalf by the RFO. Fees and charges are agreed annually by the Council and administered by the RFO. All sums received on behalf of the Council are deposited by the RFO with the Council's bankers with the origin of each receipt recorded on the paying-in slip. The RFO completes VAT returns as required, making repayment claims at least annually
- f. **Contracts** – procedures for awarding and managing contracts have been specified by the Council in compliance with The Public Contracts Regulations 2015 and the Public Contracts Directive 2014/24/EU. The procedures provide for contracts to go to tender where above £25,000; require three quotations between £3,000 and £25,000; and three estimates between £500 and £3,000
- g. **Asset and risk management, and insurance** – policies are set out in the Council's Fixed Asset Register, and Risk Register and Management Strategy documents. These are reviewed annually by the Council. Risk assessments are prepared by the RFO for any new activities under consideration by the Council. The Council maintains public liability insurance and requires the same of any organisations using its facilities for events open to the public.

5. REVIEW OF SYSTEM OF INTERNAL CONTROLS

The Council reviews annually the effectiveness of its System of Internal Controls, including its Financial Regulations and other relevant documents. As part of that review the Council considers any comments or advice from the internal or external auditors and from the National Association of Local Councils, and any issues which may have arisen during the previous year.

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