



Internal Method of Control

1. SCOPE OF RESPONSIBILITY

Hockley Parish Council is a local authority funded by public money and is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.

In meeting this 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 ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority's policies, aims and objectives and to evaluate and manage those risks accordingly.

Internal controls are set up by the Clerk who is the Responsible Financial Officer but the Council members must ensure that they have an understanding of those controls and that they are operated effectively.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council or appropriate Committee with delegated authority:

- Appoints a Chairman to be responsible for the smooth running of meetings and for ensuring that all Council decisions are made in accordance with the Standing Orders and the Financial Regulations approved by the Council.
- Approves the budget and precept demand in January
- Carries out regular reviews of its internal controls, systems and policies/procedures inline with change in guidance.
- Receives a financial report bi-monthly (minimum) which includes a budget report and a copy of the latest bank reconciliation.
- Appoints a minimum of 2 councillors to be signatories on the Council's bank accounts, this is reviewed annually.
- Approves the list of payments and receipts at each monthly Council meeting.



The Clerk to the Council/Responsible Financial Officer:

- Is appointed by the Council to act as the Council's advisor and administrator
- Is the Council's Responsible Financial Officer and is responsible for administering the council's finances in accordance with all relevant legislation
- Is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks
- Ensures that the council's procedures, control system and policies are adhered to.
- retains all relevant documents relating to finances for 7 years (Annual Return, VAT Returns, PAYE/NIC information, Public notices, Fixed Asset register, Risk assessments, accounts and supporting information)
- Produces the end of year accounts
- Drafts the budget for consideration by a budget Working Party for recommendation to Council
- Submits all the requested information to the Internal and External Auditor by the required date
- Arranges for the public notices to be displayed

4. INTERNAL AUDIT:

An annual audit is carried out by an independent Internal Auditor who reports to the Council on the adequacy of its records, procedures, systems, internal controls, regulations and risk management reviews.

The effectiveness of the internal audit is reviewed annually, and the appointment of the Internal Auditor is approved by Council.

The Internal Auditor inspects the accounts at the year-end (prior to completion of Section 1 & 2 of the Annual Governance & Accountability Return (AGAR)) and completes Annual Internal Audit Report page.

The findings of the Internal Auditor are reported to Council and any relevant changes implemented.



5. STANDING ORDERS AND FINANCIAL REGULATIONS:

The Council has adopted standing orders and financial regulations, based on the model versions prepared by NALC/SLCC. The regulations are reviewed annually for continued relevance and amended where necessary by the Clerk/RFO with any proposed amendments subject to approval by the Council.

6. CASH BOOK/BANK RECONCILIATIONS

The cash book is kept electronically using Rialtas software, maintained up to date from original documents (such as invoices, payments and cheques) and bank transactions.

The cash book is reconciled to the bank statements monthly and checked and signed by a councillor.

7. PAYMENT CONTROLS

All payments must be presented to council or appropriate Committee for approval and the list of payments and resolution to pay must be minuted.

Any payments made prior to full council approval must be presented for retrospective approval at the next council meeting.

Payments are made by Bacs, Cheque, Standing Order or Direct Debit. All instructions for payment are authorised by two councillors prior to being paid.

All payment requests must be presented with a receipt or invoice which corresponds to the amount of the payment, and must be checked and signed by the councillors authorising the payment.

All payments are entered onto the cashbook.

8. INCOME CONTROLS

The Clerk/RFO ensures that the amount of the precept received is correct and in accordance with the precept request sent to the district council.

The Clerk/RFO ensures that the precept instalments are received when due.

The Clerk/RFO ensures invoices are sent on time to collect income.

The Clerk/RFO ensures that other receipts (e.g.bank interest, rents, etc) are received when due and correctly calculated.



Income is banked promptly.

9. PAYROLL CONTROLS

All staff member's salaries are set as per contract.

The payroll is managed externally by JM Payroll

One councillor signs the payroll summary sheet to ensure payment and tax calculations are correct.

JM Payroll ensures that all the necessary payroll returns are made to HMRC and forwards evidence to the Clerk / RFO that this has been done.

JM Payroll ensures that all necessary pension returns are made to the Essex Pension Fund and retains evidence that this has been done.

10. ASSET CONTROL

The Clerk/RFO maintains a full Asset Register which is reviewed annually, assets are items purchased with a value in excess of £250

The adequacy of insurance of the Parish Council's assets is considered by the council, annually in advance of the insurance renewal.

11. VAT REPAYMENT CLAIMS

The Clerk/RFO ensures that all invoices are addressed to the Parish Council.

The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable. VAT is calculated and processed for reclaim quarterly and submitted electronically.