LENHAM
PARISH COUNCIL

Controlled Document

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1	**19.08.2024**	**Lenham Parish Council**	**Original Policy**	**K.Bell**
2	**01.04.2026**	**Lenham Parish Council**	**Updated Policy Following Review**	**S.Newell**

INTERNAL CONTROLS POLICY

1. SCOPE OF RESPONSIBILITY

1.1 Lenham Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for; and used economically, efficiently, and effectively.

1.2 Regulation 4 of the Accounts and Audit (England) Regulations 2011, places a duty on local councils to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions, and which includes arrangements for the management of risk".

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

2.1 The system of internal control is designed to ensure that the Parish Council's activities are carried out properly and as intended. Internal controls are set up by the Clerk / Responsible Financial Officer, but the Parish Council members must ensure that they have an understanding of those controls and are responsible for checking that they are operated effectively.

3. RESPONSIBILITY FOR THE INTERNAL CONTROL ENVIRONMENT

3.1 The Council

3.1.1 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. It may delegate responsibility for dealing with the consideration and approval of all other financial matters to the Finance and General Purposes Committee and Officers, subject to the approval of delegation arrangements.

3.1.2 The Council will make and keep under review Financial Regulations and may include within its Standing Orders particular provisions relating to contracts.

3.1.3 The Council's System of Internal Control is ancillary to and underpins the Financial Regulations and Standing Orders.

3.1.4 The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful with the advice of the Parish Clerk. Neither the Chair nor any individual councillor may make decisions on behalf of the Council.

3.1.5 The Council is required to appoint an independent Internal Auditor. An annual work programme for the Internal Auditor will be agreed by the Council, and the Internal Auditor will provide a certificate to be submitted with the Annual Return as part of the annual external audit. Reports from the Internal Auditor shall be presented to the Finance Committee.

3.1.6 The Chair shall sign each page of the minutes once approved at the Council meetings.

3.1.7 Decisions are made in accordance with the Standing Orders and Financial Regulations approved by the Council.

3.1.8 The Finance and General Purposes Committee is made up of a minimum of 3 Councillors and the Chair. The Committee meets monthly to undertake all financial and other miscellaneous matters on behalf of the Council in accordance with its terms of reference.

3.1.9 The Council approves a budget for the following year by the end of January each year which also approves the level of precept for the following financial year.

3.1.10 The Finance and General Purposes Committee shall receive a budget quarterly.

3.1.11 The Chair of the Finance and General Purposes Committee shall review and sign the bank reconciliation and associated bank statement once a month.

3.2 Officers

3.2.1 The Council has appointed a Parish Clerk who as Proper Officer acts as the Council's advisor and administrator. The Council's Responsible Financial Officer (RFO) is responsible for administering the Council's finances.

3.2.2 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.

3.2.3 The duties of the Clerk/RFO are laid down in Job Descriptions which are reviewed from time to time by the Council or a staffing committee.

3.2.4 The Clerk / RFO shall check and authorise payments prior to their presentation for signature in accordance with the approved financial procedures.

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

3.2.6 The Clerk / RFO arranges for public notices to be displayed.

3.2.7 The Clerk / RFO retains all relevant documents relating to finances in accordance with best practice and the council's Document Retention Policy (Annual Return, VAT Returns, PAYE / NIC information, Public notices, Fixed Asset Register, Risk assessments, accounts and supporting information).

3.3 Internal Auditor

3.3.1 The Council will appoint a suitably qualified and experienced Independent Internal Auditor who will report 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.

3.3.2 The effectiveness of the internal audit shall be reviewed annually, and the council agrees the appointment of the Internal Auditor.

3.3.3 The scope of the work of the Internal Auditor is reviewed annually, the review and the appointment are minuted.

3.3.4 The reports of the Internal Auditor are considered at the following Finance Committee meeting.

3.4 External Audit

3.4.1 The Council's External Auditors are appointed in accordance with the current statutory accounting and audit framework.

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

4. FINANCIAL AND ACCOUNTING PROCEDURES

4.1 Signatories

4.1.1 A monthly payment list is presented to the Finance and General Purposes Committee for full review.

4.1.2 Two councillors (signatories) are nominated to authorise the payments online or to sign cheques.

4.1.3 The signatories review the invoices and ensure that the payment information is correct prior to authorisation.

4.1.4 Councillors are removed as signatories when they leave office.

4.2 Invoicing

4.2.1 Invoices shall be rendered based on the scale of fees and charges effective at the time. The Parish Council will review these annually before the start of the next financial year.

4.2.2 All invoices shall bear reference to payment terms of not more than 30 days.

4.3 Cash and Cheque Handling / Security

4.3.1 The Clerk / RFO will receive all income. All cash and cheques shall be kept safely in a locked place and shall be periodically banked (at least monthly).

4.3.2 All income shall be reported to the Council.

4.4 Salaries and other Staff Payments

4.4.1 Salaries and other staff payments shall be made by the 28th of each month. Salaries shall be agreed and reviewed from time to time by the Parish Council. Supplementary payments for additional duties beyond the core duties of staff shall be made based on weekly timesheets, endorsed by the Clerk and reported to the Council.

4.4.2 Mileage and any other expenses shall be reimbursed in accordance with rates approved by the Council from time to time.

4.4.3 A P11 deduction working sheet shall be established where appropriate by the independent payroll company and the end of year Form P35 shall be filed online after completion by that company.

4.4.4 Upon the production of appropriate receipts, out of pocket expenses for small day to day items appropriate to the duties of the Parish Office shall be reimbursed.

4.5 Prompt Payment of Invoices

4.5.1 The Council understands the importance of paying suppliers promptly and will wherever possible settle accounts within a maximum of 30 days.

4.6 Budgetary Control

4.6.1 The Clerk / RFO will ensure that all accounts certified for payment are

endorsed with the correct budgetary centre

4.6.2 The Clerk / RFO shall every month reconcile statements of the Parish Council's accounts taken from the information contained in the cash book with copies of the relevant bank statements.

4.6.3 The Council shall receive on at least a quarterly basis an expenditure against budget report.

4.6.4 The Chair of the Finance and General Purposes Committee shall sign a monthly bank reconciliation and report this at the monthly committee meeting.

4.6.5 The Finance and General Purposes Committee will meet in December for the purposes of budgetary control review and the preparation of budget for presentation to the January Parish Council meeting. At that meeting, the Parish Council will approve such estimates, and determine its budget requirement and consequent precept for the next financial year.

4.7 Procurement

4.7.1 Financial Regulations provide a framework and set procedures for dealing with contracts of certain values. Working beneath that framework, provision needs to be made for the day to day operational work of the Parish Council to be administered, and to that end the Clerk is authorised to issue orders for office and other supplies to support the Parish Council's administration and day to day operation within agreed budgets.

4.7.2 The Clerk may incur expenditure on behalf of the Council which is necessary for the purposes of any repair, replacement or other work of an urgent nature, whether or not budgetary provision exists for such expenditure, up to a limit of £1000. The Clerk shall report the action to Council or the appropriate Committee at the next available meeting.

5. ASSET MANAGEMENT

5.1 The Council's Asset Register and any associated current Management Plans are to be reviewed on an annual basis by the Finance and General Purposes Committee.

6 RISK MANAGEMENT

6.1 The Council's base Risk Assessment of its land, property, and activities, together with any associated current Management Plans are to be reviewed on an annual basis by the Finance and General Purposes Committee.

7 REVIEW OF EFFECTIVENESS

7.1 The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. This role will be initiated by the Finance and General Purposes Committee and incorporated within the annual work programme of the Council's Internal Auditor. The findings of the annual review shall be reported to and considered by the Council.