RACKHEATH
COMMUNITY COUNCIL

Internal Control Policy

Scope of Responsibility

The Accounts and Audit Regulations 2015 state that a Council shall be responsible for ensuring that its financial management is adequate and effective and that it has 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.

Rackheath Community Council is responsible for ensuring that 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 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.

The Purpose of the System of Internal Control

Internal control is designed to reduce financial risk to the Council. The system of internal control is designed to ensure that the council's activities are carried out properly and as intended. Internal controls are set up by the Responsible Finance Officer (RFO) but it falls on the Council members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Statement of Internal Controls

Cash Book / Bank Reconciliations	The cash book is kept electronically (using the Scribe software system) and maintained up to date from original documents. The cash book is reconciled to the bank statement at least monthly. The cash book, payments and receipts and bank reconciliation are reviewed and approved by a nominated member of the Community Council at least quarterly. The Councillor is nominated annually at the May meeting of the Council and must not be a bank signatory.
Financial Regulations	The Parish Council has adopted financial regulations; the regulations are reviewed for continued relevance and amended where necessary.
Order/Tender Controls	The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work.

	Official orders/letters are sent to suppliers for services which are not regular in nature.
Payment Controls	Payments are listed in payment order in the cash book and in accounts files. All invoices for payment are listed on the meeting agenda where the expenditure is to be authorised for payment. Payments made are listed in the minutes of the meeting. Original invoices are available to the Councillors authorising the payments. BACs payments are set up by a member of staff where possible and authorised by one signatory on the bank mandate. Notification of the payments is sent via email and includes the payments list for cross reference. One other Councillor, authorised as a bank signatory, is included in the email. Councillors, when authorising payments, will ensure that there is an invoice or other documentation that corresponds with the payment and that the payment is listed on the agenda. The RFO will be notified in advance before funds are transferred from one account to another within the same institution. Transfers will not be made outside the financial institution without council approval. The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings and the RFO is not a signatory to the bank accounts. When invoices are paid, they are identified by the cheque number or payment date and referenced in the cashbook.
VAT repayment claims	The RFO ensures that all invoices are addressed to the Parish Council. The RFO ensures that proper VAT invoices are received where VAT is payable. The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.
Income Controls	The RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the District Council. The RFO ensures that other receipts are received when due. The RFO ensures that income is banked promptly.
Financial Reporting	A budget control, comparing actual receipts and payments to the budget is prepared on at least a quarterly basis, presented to the Community Council in advance of the meeting and minuted as such.

Budgetary Controls	The budget is prepared in consultation with the Community Council, as evidenced by reports and minutes in advance of the start of the year. The precept is set on the basis of the budget by the deadline set by the District Council.
Payroll controls	The staff are paid under PAYE as an employee and the necessary system of HMRC RTI is in place. The staff salaries are set by the Council and minuted as such. Payroll is provided by an outside company and all returns are submitted by them. The RFO oversees this to ensure that the correct documentation is received each month.
Clerk's Expenses	The Clerk submits a request for reimbursement of monies owing in advance of each meeting.
Asset Control	The RFO maintains a full asset register. The existence and condition of assets are checked on an annual basis. The adequacy of insurance of the Community Council's assets is considered annually in advance of the insurance renewal.
Auditing	The RFO ensures that the accounts are audited in line with practice laid down in 'Governance and Accountability for Local Councils'. The Council will nominate and agree the work to be undertaken by the Internal Auditor annually. The accounts will be audited at the year end. The Councillor responsible for carrying out the quarterly accounts check will also be responsible for making contact with the Internal Auditor to ensure that the Audit has been carried out and that the report received by the Council is genuine and has not been altered.

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