

Leeds Parish Council
Financial Internal Control Policy

1. SCOPE OF RESPONSIBILITY

Leeds Parish Council (the 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.

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.

The system of internal control has been in place at the Council for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts and, except for the details of significant internal control issues at section 5, accords with proper practice.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council:

The Council has appointed a Chair, who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the Council approves the level of precept for the following financial year.

The full Council meets eleven times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Parish Clerk.

The Council carries out regular reviews of its internal controls, systems, and procedures.

Clerk to the Council / Responsible Financial Officer:

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator.

The Clerk is the Council's Responsible Financial Officer 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 adhered to.

Income:

Any income is banked in the Council's name, in a timely manner, and reported to the Council.

Payments:

All payments are reported to the Council for approval. Where possible, all payments are made via

internet banking. Where this is not possible, two Members of the Council must authorise every cheque.

Risk Assessments / Risk Management:

The Council carries out regular risk assessments in respect of actions and regularly reviews its systems and controls.

Standing Orders:

The Council has approved Standing Orders, which are reviewed annually (or sooner if an amendment is published).

Financial Regulations:

The Council has approved Financial Regulations, which are reviewed annually (or sooner if an amendment is published).

VAT Reclaim

Any VAT is identified and recorded; being reclaimed annually.

Asset register:

The Council maintains a register of all material assets owned or in its care. The Clerk updates this as and when necessary.

Insurance:

The Council's insurance provision is reviewed at the end of each contract period in relation to its schedule of cover and also its value for money. Should there be a change to the Asset Register during an insurance contract, the insurance schedule will be updated in a timely manner.

Internal Audit:

The Council has appointed an Independent Internal Auditor who reported to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- internal control
- regulations
- risk management
- reviews

The effectiveness of the internal audit system is reviewed annually.

External Audit:

The Council's External Auditors, Mazars LLP (from 2023), Certificate of Audit is presented to the Council.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the by the work of:

- the full Council.
- the Clerk to the Council/Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks.
- the independent Internal Auditor who reviews the Council's system of internal control.
- the Audit Commission, the Council's external auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor. The Audit Commission issue an annual audit certificate.

- the number of significant issues that are raised during the year.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

Any identified internal control issues should be identified and reported during each financial year. The Parish Council strives for continuous improvement of the system it has adopted for internal control.

Councillors must consider this policy annually ahead of the Internal Audit and a copy of the Statement of Internal Control must be signed for the Auditor.