PENHOW COMMUNITY COUNCIL

INTERNAL CONTROL POLICY

1. POLICY STATEMENT

Penhow Community Council is committed to conducting its public business legally and upholding proper standards. It also strives to use public funds efficiently, economically, and effectively. To reach these goals, the Council recognises its responsibility to maintain a robust system of internal control that supports its work and includes measures for managing risk.

2. PURPOSE OF INTERNAL CONTROL

The Council's system of internal control is designed to ensure that its activities are carried out properly and as intended. This system is set up by the Council's Clerk / Responsible Financial Officer (Clerk/RFO). It falls upon all the Council members, however, to ensure that they have a degree of control, and that the effectiveness of the system is reviewed at least annually. Current advice regarding these controls is set out in Governance and Accountability for Local Councils in Wales - A Practitioners' Guide (2019).

3. FINANCIAL ASSESSMENT

The Council will adhere to its Financial Regulations. Key internal controls include:

3.1. Online banking payments procedure are carried out in line with the adopted Financial Regulations. All invoices in support of direct debit/standing order payments are checked by the Clerk/RFO and approved by Council in meetings. Online banking is operated for invoices, payroll, pension and HMRC Tax and NI payments. Hard copies are checked by the Clerk/RFO and approved by Council in a meeting.

3.2. The Clerk/RFO prepares a schedule of payments requiring authorisation and together with the relevant invoices it will be presented on the agenda of a Council meeting. The detailed list of payments shall be recorded on the Minutes of the meeting at which the payments were authorised. The Chair of Council signs these Minutes.

3.3 Wages and Salaries – the processing of salary calculations and monthly HMRC reporting is contracted out to DM Payroll Services. PAYE records are maintained for all employees. Statutory deductions paid to HMRC for Tax and NI, and contributions to pension schemes (if applicable) are processed monthly. Salary/wages payments are reported to Council monthly. Changes to pay/hours must be authorised by Council. National pay scales are reviewed annually, and any changes must be authorised by Council.

3.4. The annual budget is set annually by Full Council ahead of an application for the Precept. The budget must be kept under review by Full Council.

3.5 The Clerk/RFO administers the accounts in a proper manner ensuring correct records and internal and external audits are completed. Quarterly Financial detailed reports are presented to Council.

3.6. A Verification Councillor (independent of bank authorising) shall check the accounts and bank reconciliations with the Clerk/RFO monthly.

3.7. The Community Council appoints an independent Internal Auditor – currently IAC Auditing and Consultancy Ltd. Full Council receives the Internal Audit Reports. The Council should consider all findings or recommendations so that proper accounting standards are upheld moving forward.

3.8. The External Auditors, currently Audit Wales, carry out the External Audit for the Council. Any findings and recommendations from the External Auditor will be reported to Full Council. The Council must take note of any findings or recommendations, to ensure correct standards of accounting are maintained in the future.

3.9. The Council has a responsibility for conducting an annual review of the effectiveness of the system on Internal Control. The Full Council and the Clerk/RFO carry out this task during the Annual Meeting.

4. STANDING ORDERS

The Council must follow its adopted "Standing Orders" provided to all Councillors.

5. INSURANCE

The Council shall review its insurance policy annually at renewal to ensure adequate cover is in place. All new capital items are to be insured at time of purchase.

6. RISK ASSESSMENT

The Council's financial management risk assessment will be subject to an annual review during the Council's Annual Meeting.

7. COMMUNITY COUNCILLORS

Councillors shall endeavour to work as a team and be aware of their responsibilities as to the law and proper Council procedures. Councillors must attend meetings regularly. They will be provided with a copy of "The Good Councillors Guide" and be familiar with and endeavour to comply with appropriate legislation. The Clerk/RFO will endeavour to see that the Council operates in accordance with the law and maintains the correct records as required by the law.

8. COUNCIL COMMITTEES

The Council does not operate a Committee structure at present, but will endeavour to use Working Groups to investigate specific issues.

9. ASSET REGISTER

The Council shall maintain an Asset Register, which is reviewed at the Annual Meeting. Asset Inspection is undertaken regularly. Disposed items are recorded on Asset Register.

10. DECLARATIONS OF INTEREST

Councillors are asked, at the start of each meeting, if they have any interests to declare, and if they do, it will be noted in the minutes with the reason why. If the interest is a Disclosable Pecuniary Interest, they must leave the meeting during the discussion of the relevant item unless a Dispensation has been approved.

11. PROPERTY

The Councillors shall carry out a visual inspection annually to ensure that all the Council’s property, and areas of responsibility, are in a good state of repair and order. Dedicated Councillors ensure that the play and recreation areas are checked monthly in addition to the external operational inspection report and annual safety check.