

Introduction & Scope of Responsibility

Malborough Parish Council is a local Parish Council/authority funded largely by public money. It is responsible for ensuring its financial 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.

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

The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them effectively and economically.

The Internal Control Environment

The Council is the sovereign body for dealing with the consideration and approval of all financial matters. Subject to that, the Council will make and keep under review Financial Regulations and may include within its Standing Orders particular provisions relating to contracts. The Councils' System of Internal Control is ancillary to and underpins the Councils' Financial Regulations and Standing Orders.

In summary the Council is responsible for:

- Establishing and monitoring the achievements of the authority's objectives
- The facilitation of policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases
- Ensuring performance is regularly monitored against financial and operational budgets
- Control and reports on the financial management of the Council

The Parish Council:

- appoints a Chairman to be responsible for the smooth running of meetings and for ensuring that all Parish Council decisions are lawful;
 - reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the Parish Council approves the level of precept for the following financial year;
 - meets 11 times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Parish Clerk;
 - carries out regular reviews of its internal controls, systems and procedures.
- A. The Council updated its' Financial Regulations in 2015. These Regulations set parameters for the Council's financial operations. The Clerk to the Council is also appointed as the Council's Responsible Financial Officer (RFO) who implements financial systems and controls.
- B. Under approved delegation arrangements, the Clerk and Chairman are responsible for the day to day management of all land and property under the Council's control.

- C. The Council, in its entirety acts, as the Budget Committee for the purposes of reviewing and reporting to the Council on estimates and budgetary control.
- D. Similarly, all 9 Councilors are asked to keep under review and report on the Council's system of internal controls. Council's internal monitoring is undertaken through monthly reports to Council.
- E. The Council is required to appoint an independent Internal Auditor. This internal audit service is provided by Alison Marshall (on a 3-year contract up to and including 2019/20). The Internal Auditor will provide a certificate to be submitted with the Statement of Accounts and Annual Return as part of the annual external Audit of Accounts. An additional work program (if any) for the Internal Auditor will be agreed by the Council annually. Any issues raised by the Internal Auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales.
- F. Additionally, the Council seeks and receives appropriate property, legal, insurance, and health & safety advice as appropriate to manage risk.
- G. **Supplementary Financial and Accounting Procedures** to be read alongside the Councils' Standing Orders and Financial regulations:
 - a. The following **Principles** shall be observed in connection with accounting duties:
 - i. The duty of providing information, calculating, checking and recording sums due to, or from, the Council should be separated as completely as possible from the duty of collecting or dispersing them.
 - ii. Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
 - b. **Petty Cash:** Malborough Parish Council does not operate a petty cash system. Any reimbursement of day to day expenses is subject to the normal approval of accounts decisions at the monthly Council meetings.
 - c. **Cheque Signatories & E-payments:** Financial Regulations require that any three approved signatures are required on cheques issued on the Parish Council's accounts. Members will be asked to provide specimen signatures on a formal list to be held as a Parish Council record and also if required by the Parish Council's bankers.
 - d. The Financial regulations provide the detail of the procedures to be followed for e-payments
 - e. **Invoicing:** Invoicing for Parish Council services only occurs on an ad hoc basis. Invoices will be raised by the Clerk after any minuted decision of the Council. All invoices shall bear reference to payment terms of 30 days.
 - f. **Cash and Cheque Handling/Security:** The Clerk will receive payments either in person or through the post as cash or cheque. Upon the receipt of cash in person, a receipt will be issued. All cash and cheques shall be kept safely in a locked container and shall be banked periodically (at least once a month).
 - g. **Salaries and other Staff Payments:** Salaries and other staff payments shall be made by no later than the last day of each month. Current due date is the 15th of the month. Payments shall be paid on the basis of information agreed and reviewed from time to time by the Parish Council and notified to the Contractor by the Clerk. This information will confirm the actual amounts of the salaries and wages to be paid rather than left to interpretation or related to percentage increases. The Council will operate RTI PAYE and inspect the due returns made by the Clerk periodically. Any end of year returns will be approved by a Member of the Parish Council, normally the Chairman or Vice-Chairman, prior to its being filed on line.
 - h. **Budgetary Control:**
 - i. The RFO will provide a statement of accounts (Receipts & Payments) to date for circulation at each Parish Council meeting. Further updated statements may, from time to time, be requested for consideration at any meeting which monitors budgetary control and prepares estimates.
 - ii. The RFO will also produce monthly reconciliation statements of the Parish Council's accounts taken from the information contained in the cash book, supplemented by actual extracts from the cash book together with copies of the relevant bank statements. This information will be part of the monthly approval of the accounts regime at PC meetings.
 - iii. The Budget Committee as constituted by the Parish Council (currently full Council) will meet in December and/or January for the purposes of budgetary control review and the preparation of estimates 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.

- iv. At or around the end of a financial year, it must be made clear to the Parish Council in which financial year an account payable falls. Please note however that Council currently operates a Receipts & Payments regime (and not I&E).
- i. **Procurement:**
 - i. 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 entitled to make small purchases. The Clerk is authorised to issue orders for essential office supplies etc. to support the Parish Council's administration.
 - ii. Financial Regulations require that for contracts of a value exceeding £10,000, tenders from at least three firms must be invited. For expenditures of £10,000 or less, and unless the Council directs otherwise, three quotations are required. Subject to those considerations, the Parish Council agrees that for any work, goods or services up to a value of £1,000, the Clerk in consultation with the Chairman of the Council or Chairman of a Committee with delegated powers, shall have executive power. Even though competitive tendering would not be required, the obtaining of alternative quotations may remain desirable. In some cases however, alternative prices or estimates may be pursued and compared before an official order is placed.
 - iii. 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 £1,000. The Clerk shall report the action and results to the Council promptly and it is to be documented at the next available meeting.
- j. **Asset Management:** The Council's Asset Register and any associated current Management Plans are attached as Appendix 1.
- k. **Risk Management:** The Council's base Risk Assessment of its land, property, and activities, together with any current associated Management Plans are attached as Appendix 2.

Review of Effectiveness

The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control and the internal audit process. Any concerns about the effectiveness of, or weaknesses in, the system of internal control are investigated and action taken as appropriate as Malborough Parish Council strives for the continuous improvement of the system it has adopted for internal control.

The review of the effectiveness of the system of internal control is monitored by:

- The Parish Clerk is the Council's Responsible Finance Officer who acts as the Council's legal advisor and administrator. The Clerk is responsible for administering the Council's finances, for advising on compliance with laws and regulations which the Council is subject to. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to and is responsible for the development and maintenance of the internal control environment and managing risks.
- The full Council which meets at least 11 times each year. It monitors progress by receiving relevant reports from the Responsible Finance Officer.
- The work of the Internal Auditor. The Internal Auditor, an independent person specialising in local council matters, reports to the Council on the adequacy of its records, procedures, systems, internal control and risk management.
- The External Auditors in their annual report. They 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 External Auditors issue an annual audit certificate.
- The number of significant issues that are raised during the year

SIGNIFICANT INTERNAL CONTROL ISSUES

The Parish Council strives for the continuous improvement of the system it has adopted for internal control and will address any issues and weaknesses raised and reported during the review process

Adopted 21st January 2015

In March 2016, 2017, May 2018 and again in May 2019 The Council reviewed and assessed any significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

This statement/system of Internal Control and the check list below have been amended/updated accordingly and adopted at the 2016, 2017 & 2018 Parish Council Meetings.

***Minute Ref: 2015/16 – March 16th 2016 172B
2016/17 – March 15th 2017 178B
2018/19 – May 16th 2018 155 & 168D
2019/20 – May 15th 2019***

Current Policies, procedures and contracts in place and subject to periodic review

Policy	Council Lead	Last reviewed	Review Date
Safeguarding Children	Lucinda Goodhead	15 th May 2019	May Annually
Code Of Conduct	John Yeoman		On-going review, at least annually, and subject to legislative changes.
Financial regulations	Katharine Harrod		May annually
Standing Orders	Katharine Harrod		May annually
Internal Controls (w.r.t. general risk management) and risk management policy	Katharine Harrod		May annually
Protocol on the filming and recording of Local Council and Committee Meetings	Katharine Harrod		May annually
Records Management Policy	Katharine Harrod	15 th May 2019	May annually
Dispensation; precept setting	Katharine Harrod	Dec 2018	Dec 2019
Dispensation; cheque signatories/BACs authorisation	Katharine Harrod	15 th May 2019	May 2018
Skate Park; Risk Assessment, Inspection and Management	Hayley Rutherford	15 th May 2019	June annually
NEW: Ancillary Gritting Scheme; Risk Assessment & Management	J Yeoman/P Pedrick	15 th May 2019	March annually
Freedom of Information,	Katharine Harrod	15 th May 2018	May annually

MALBOROUGH PARISH COUNCIL STATEMENT/SYSTEM OF INTERNAL CONTROL

2019

Model Scheme Sept 2008			
Environmental Policy	Katharine Harrod	15 th May 2018	May annually
Emergency Plan	J Yeoman	TO BE UPDATED	TARGET OCT 2019
Neighbourhood Development Plan	Full Council	Sept 2014	2020 5 year action plan in place.
Undertakings/Adopted Protocols	Who?	Action/When	Review
Code of Conduct	All Councillors	Individuals undertake to adhere to the Code on election/co-option	-
Register of Interests	All Councillors	On election/co-option	Individuals to amend their Register as required.
Register of Interests Malborough Neighbourhood Planning Forum	All Forum Members	On joining Forum	Individuals to amend their Register as required.
Acceptance of Office	All Councillors	On election/co-option	-
Acceptance of Office	Chairman	On election – annually at AGM, May	May annually
Appointment of Councillors to committees/lead roles and renewal of Clerks' mandate as RFO	All Councillors	On election and annually at AGM, May	May annually
Contract	Review Panel	w.e.f.	Action required
Long Term Service Agreement; Came & Company Parish Council Insurance	Full Council	April 2017, 3 years	For 2020 financial year
Contract; Internal Audit	Full Council	Renewed for 3 year term In 2017/18.	Review in year 2019/20 for 2020/21 contract
Contract; Graveyard Malborough Garden Services	Full Council	April 2015	5 year contract. Re-tender Dec 2019, w.e.f. April 2020
Contract; Playground Grass	Full Council	Tendered February 2017, awarded by Full Council March 2017	5 year contract. Re-tender 2020 w.e.f. 1 st April 2020
Contract; SHDC winter toilet cleaning	Full Council	REVIEW 2019 RE ownership transferp	Awaiting transfer of ownership

K Harrod

May 2019