

COLNEY HEATH PARISH COUNCIL

✉ **Postal Address:** Highfield Park Visitor Centre, Hill End Lane AL4 0RA
☎ **Telephone:** (01727) 825 314
💻 **Website:** <https://colneyheathparishcouncil.gov.uk>
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POLICY STATEMENT OF INTERNAL CONTROL AND ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Colney Heath Parish Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards. It must ensure that public money is safeguarded, properly accounted for, and used efficiently, effectively, and economically.

Regulation 3 of the Accounts and Audit Regulations 2015 states that:

A relevant authority must ensure that it has a sound system of internal control which:

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- b) ensures that the financial and operational management of the authority is effective; and
- c) includes effective arrangements for the management of risk.

2. PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The internal control system is designed to manage risk and reduce it to a reasonable level rather than eliminate all risk. Therefore, it can only provide reasonable assurance of effectiveness. The process identifies and prioritises risks, evaluates their likelihood and impact, and manages them accordingly.

3. RESPONSIBILITY FOR THE INTERNAL CONTROL ENVIRONMENT

3.1. The Council

The Council, as a corporate body, holds ultimate responsibility for key decisions, including setting the precept and approving the annual return and governance statement. The council may delegate other financial matters to a Finance Committee and officers, subject to approved delegation arrangements.

The council has established Financial Regulations and Standing Orders, which are reviewed regularly. These regulations underpin the council's System of Internal Control.

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The council must appoint a Chairman responsible for ensuring lawful decision-making with the guidance of the Parish Clerk. No individual councillor, including the Chairman, may make decisions on behalf of the council.

The council appoints an independent Internal Auditor and:

- Confirms the scope of the internal audit and approves the audit plan.
- Ensures that the audit properly accounts for corporate risks.
- Agrees that the internal audit plan, including minimum test requirements, is adequate and effective.
- Meeting minutes are approved and signed by the Chairman. Decisions are made in accordance with Standing Orders and Financial Regulations, which are reviewed annually.
- An annual budget and precept are approved by December each year. The Responsible Financial Officer (RFO) provides regular financial reports at each quarterly full council meeting.

3.2. Officers

The council appoints a Parish Clerk who serves as the Proper Officer and Responsible Financial Officer (RFO). The Clerk ensures compliance with laws, regulations, and risk management while maintaining council policies and control systems.

The Clerk/RFO:

- Checks and authorises payments before presentation for signature.
- Submits information to internal and external auditors within required deadlines.
- Publishes public notices as required.
- Retains financial documents in accordance with the council's Document Retention Policy.

3.3. Internal Auditor

An independent Internal Auditor is appointed annually to assess internal controls. Their effectiveness is reviewed, and their reports are considered at full council meetings.

3.4 External Audit

The council's External Auditors are appointed in accordance with statutory requirements. The council must display public notices related to electors' rights and audit conclusions.

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4. FINANCIAL AND ACCOUNTING PROCEDURES

4.1 Financial Regulations

Financial Regulations are reviewed annually in May and amended as necessary.

4.2 Payment Signatories

All payments are required to have the invoice signed by two signatories. Internet banking transactions are raised by the Finance Officer and authorised by two signatories one of which must be a councillor. Payments are listed and presented to councillors at full council meetings.

4.3 VAT Repayment Claims

The Clerk/RFO maintains a VAT account and ensures correct VAT reclaims at least annually.

4.4 Cash and Cheque Handling/Security

The Parish Council do not use cash or cheques. All income is reported at full council meetings.

4.5 Salaries and Staff Payments

Salaries are processed by the 20th of each month. Payroll is handled externally, ensuring compliance with HMRC and pension contributions. Expenses are reimbursed in accordance with approved rates and upon receipt submission.

The Council will ensure any changes to the Clerks terms and conditions including rates of pay are confirmed in writing and signed by the Chair of Council. (IA 2025)

On an annual basis the Chair of Council shall review and approve a schedule of staff payments including the Spinal Column point and contracted hours of each member of staff and a copy will be kept for audit purposes. (IA 2024)

4.6 Budgetary Control

The RFO ensures budgetary compliance and instructs the Finance Officer who reconciles financial statements monthly. The full council receives a budget report and bank reconciliation statement at quarterly meetings. The Finance Committee discusses the draft budget annually for council approval by December.

4.7 Procurement

The Clerk is authorised to issue routine orders within agreed budgets. Emergency expenditure up to £1,000 may be incurred, under delegated authority.

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5. ASSET MANAGEMENT

The council reviews its Asset Register annually. Insurance coverage is reviewed before renewal by Council.

6. RISK MANAGEMENT

A Financial Management Risk Assessment is produced and reviewed annually, with recommendations submitted to full council.

7. REVIEW OF EFFECTIVENESS

The council conducts an annual review of internal control effectiveness, with findings incorporated into the Internal Auditor's work programme. The review outcomes are reported to full council for consideration.

Adopted by Colney Heath Parish Council –TBC on agenda 19th March 2026

Next Review Date: March 2027

Lisa Peters
Parish Clerk/RFO
12/03/2026