Wickmere Parish Council

Statement of Internal Control and Annual Review of Effectiveness of Internal Control

Regulation 4 of the Accounts and Audit Regulations, 2003 as amended, imposes a duty on local councils to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control".
Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of its system of internal control. The council is required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken.
In order for the Parish Council to review the effectiveness of the internal control system there needs to be clarity on the internal controls in place.
Some internal controls are listed in the Financial Regulations document, but the system of controls goes beyond this. A Statement of Internal Controls has therefore been prepared and this is included following this report.
Internal controls are set up by the RFO (Responsible Financial Officer) but it falls on the Council members to ensure that they have a degree of control and understanding of those controls. Controls include the checking of routine financial procedures and the identification of risk, or evaluation of the likelihood of risk.

Cash Book/Bank Reconciliations

- The cash book is kept electronically, maintained up to date from original documents (cash received, invoices, payments and direct debits made and cheques as they are prepared).
- The cash book is reconciled to the bank statement regularly.
- A summary sheet with budget against actual expenditure and income is presented at each Parish Council meeting for reference.
- The cash books, payments and receipts and bank reconciliation are reviewed and approved by members (or, a nominated member) of the Parish Council, with reference to the underlying records (bank statements and minutes plus copies of accounts papers etc.) annually.
- The bank reconciliation is reported to the full Parish Council and minuted as such.
- All payments are reported at each council before they are made unless the RFO has dispensation to make the payment outside the meeting in which case it will be reported at the first meeting after the payment is made.

Financial Regulations

- The Parish Council adopted financial regulations, based on the model version prepared by NALC/SLCC in May 2018. The regulations will be reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer.
- The Financial Regulations will 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

- Depending on the nature of the supply, the RFO signs the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- Payments will be listed in cheques number order in the cash books and in accounts files.
- All invoices for payment are listed and presented at the Council meeting. The expenditure is to be authorised for payment.
- Payments made are listed on the agenda and minutes of the meeting.
- Original invoices are available to the Councillors signing the cheques or authorizing electronic payment.
- Cheques will be signed by two Councillors, who are authorised to sign on the council's bank mandate.
- The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings.
- When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheques number. This is cross checked with the bank statements.
- Electronic payments, such as direct debits or standing orders, are cross checked with the invoice and payment slips are signed to authorize payment by the Clerk /RFO.
- Electronic payment, such as BACs or bank transfer, can be set up by the RFO as an Authorised User on the account but must be authorised online by two councillors, who are authorised to sign on the Council's bank mandate. Councillors will ensure that there is an invoice or other documentation that corresponds with the payment and that the payment is listed on the Agenda and has been agreed by the council. The RFO is not authorised to make any third-party payments from the bank account in any form.

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 amount of the precept received is correct in accordance with the precept request sent to the District Council.
- The RFO ensures that the precept installments are received when due.
- The RFO ensures that other receipts are received when due and correctly calculated.
- Receipts are issued for cash received.
- Income is banked promptly.

Financial Reporting

- A Budget control, comparing actual receipts and payments to the budget and the previous year is prepared for each meeting, presented to the Parish Council at the meeting and minuted.
- The budget is prepared in consultation with the Parish Council.

Payroll Controls

- The Clerk is paid under PAYE as an employee and the necessary system for HMRC RTI is in place.
- The Clerk's salary is set as per their contract.
- The salary is paid by Cheque or bank transfer
- The Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

Office and Clerk's Expenses

- The clerk submits a request for reimbursement of monies owing by way of an expense book at each meeting.
- Expenses are paid by cheque or bank transfer

Asset Control

- The RFO maintains a full asset register.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

Risk Assessments

- Risk Assessments will be created for all activities and will be reviewed annually.