

STATEMENT OF INTERNAL CONTROL AND ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

Keswick & Intwood Parish Council

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.

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 as received.
- A summary sheet with budget against actual expenditure and income is presented at each Parish Council meeting for reference. This is also published on the website.
- The payments are reviewed and approved at each Parish Council meeting. The bank reconciliation for the bank account is circulated by email before every full Parish Council meeting and noted at Council. This is also published on the website.
- All payments are reported at each council before they are made unless the Responsible Finance Officer (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 4.1 and 4.6).

Financial Regulations

- The Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer.

Payment Controls

- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- Payments will be listed in the cash books and in accounts files.
- All invoices for payment are listed and presented at the Council meeting. The expenditure is authorised for payment.
- Payments made are included in the minutes.
- Cheques will be signed by two signatories, 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, unless an urgent situation arises (Financial Regulation 6.6).
- 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.
- Where payments are made by cheque, DD, BACS or standing order, original invoices are available at physical meetings for Councillors to view.

VAT Repayment Claims

- The RFO reclaims the VAT from HMRC within three years of the end of the month in which the supply, acquisition or importation occurred.

Income Controls

- The RFO ensures that the 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.

Financial Reporting

- A budget control, comparing actual receipts and payments to the budget, is prepared on a monthly basis and circulated to the Parish Council at every meeting.
- The budget is prepared in consultation with the Parish Council.

Payroll Controls

- All staff are paid under PAYE as employees and the necessary system for HMRC RTI is in place.
- All salaries are set in staff contracts.
- The Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.
- All Workplace Pensions regulations are adhered to by the Clerk.

Staff Expenses

- Staff submit a request for reimbursement of monies owing by way of an expense list when required.
- Expenses are paid by cheque and the expense list treated as an invoice for accounting purposes.

Petty Cash

- Not applicable.

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.
- New assets are reported promptly to the insurance company.