



QUENIBOROUGH PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL

EFFECTIVENESS OF INTERNAL CONTROL

1. Overview

- 1.1 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.”
- 1.2 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.
- 1.3 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.
- 1.4 Some internal controls are listed in the Financial Regulations document, but the system of controls goes beyond this.

2. Statement of Internal Control

Cash Book/Bank Reconciliations

- The cash book is kept electronically, maintained up to date from original documents (cash received, invoices and payments made).
- The cash book is reconciled to the bank statement at least monthly.
- Reconciled accounts are presented at each Parish Council meeting for reference and are signed and approved by the Chairman.
- The cash books, payments and receipts and bank reconciliation is reviewed and approved by a member of the Parish Council, with reference to the underlying records (bank statements and minutes plus copies of accounts papers etc.) at least quarterly.
- The bank reconciliation is reported to the full Parish Council, complete with associated bank statements, this is then signed and dated by the RFO and Chairman.
- The latest financial position and movements on the Parish Council's cash balances are reported at each council meeting and can be traced back to the expenditure approved in the previous meeting via the accounts filed with the minutes.

Financial Regulations & Standing Orders

- The Parish Council has adopted financial regulations and standing orders, based on the model versions prepared by NALC/SLCC. The regulations and orders are reviewed for continued relevance at least annually and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council.

Order/Tender Controls

- The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work.
- A proper legal power is identified in advance of any expenditure.

Payment Controls

- Depending on the nature of the supply, the RFO checks 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 date order in the cash books and in accounts files.
- All invoices for payment are listed on the report tabled at a meeting where the expenditure is to be authorised for payment.
- Original invoices are available to the Councillors approving payments and are signed by the Chairman.
- In the event of payment being made by cheque, cheques will be signed by two councillors, who are authorised to sign on the Council's bank mandate.
- The RFO maintains control of the bank account and cheque book at all times.
- The RFO calculates the maximum amount of s137 expenditure able to be made each year and ensures that it is not exceeded – confirmed to the Parish Council when expenditure is considered either by reference to a specific budget for that payment or to the amount of unspent s137 money available.
- Where requests for expenditure from s137 are made this is made clear at the meeting where the payment is to be approved.
- The proper minute authorising expenditure from s137 is prepared on each occasion.

VAT Repayment Claims

- RFO ensures that all invoices are addressed to the Parish Council.
- RFO ensures that proper VAT invoices are received where VAT is payable.
- RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

Income Controls

- RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council.

- RFO ensures that the precept instalments are received when due.
- RFO ensures that other receipts (deposit interest, cemetery fees) are received when due and correctly calculated.
- Receipts are issued for cash received and a copy kept.
- Income is banked promptly if received by cheque.

Financial Reporting

- A Budget control, comparing actual receipts and payments to the budget is prepared on a quarterly basis and presented to the Parish Council at the meeting.

Budgetary Controls

- The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the financial year.
- The precept is set on the basis of the budget by the deadline set by Charnwood Borough Council.

Payroll Controls

- Staff contracts are prepared by the Clerk and agreed by the full Council and are reviewed and amended where necessary by the Clerk and approved by the Council.
- All employees are paid under PAYE as an employee and the necessary system for HMRC RTI is in place.
- All employees' salaries are set by the Council and a minute is prepared to show the agreed salary.
- Any additional hours are agreed to by the Council or Clerk in agreement with the Council.
- The salaries are paid by bank transfer on the next working day following authorisation of all monthly payments by Council, with exception of the Deputy Clerk who is paid on the last working day of the month.
- The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

Chairmans Allowance

- The Chairman's Allowance is for the purposes of offsetting some of the costs of undertaking the role and therefore It is paid without receipts and can be spent at the Chairman's discretion. The allowance is set at the Annual Council Meeting where it is approved and minuted. Payment is made to the Chairman quarterly by bank transfer and signed for on receipt.

Asset Control

- The RFO maintains a full asset register.
- The existence and condition of assets is checked on an annual basis by the Clerk.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

Risk Assessment

- A risk assessment is carried out annually by the Clerk and presented at the Annual Council Meeting where it is approved, signed and minuted as approved by the Council.