

FOVANT PARISH COUNCIL

Policy: Statement of Internal Control

Ratification Date:

1. Scope of Responsibility

Regulation three 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 operations management of the authority is effective: and
- c) Includes effective arrangements for the management of risk.

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 to evidence that this review has taken place.

For the parish council to review the effectiveness of the internal controls system there needs to be clarity on the controls in place.

Some internal controls are identified in the financial regulations document, but the system of internal controls exceeds this and so this document has been prepared and is included therein.

2. Purpose of the System of Internal control

The system of internal control is designed to manage risk and reduce it to a reasonable level rather than eliminate all risk of failure and to achieve Council's aims and objectives. It can therefore only provide reasonable and not absolute assurance of the effectiveness of the management of those risks and their impact should they be realised.

3. Responsibility for the Internal Control

The Council

The council as a corporate body is responsible under statute for certain decisions which cannot be delegated.

- a) The setting of the annual precept
- b) Approval of the annual accountability and governance return (AGAR)

The Council has approved financial regulations based on the model NALC regulations and the council's system of internal control is ancillary to and underpins those regulations.

As part of the annual budget process, the council reviews its obligations and objectives and approves a budget for the following year at its meeting in December or January of the current fiscal year.

The council meets at least six times per year and monitors progress, budgetary control, and financial matters.

Clerk/RFO to the Council

The council has appointed a clerk who as the proper officer acts as the council's advisor and administrator, the clerk who is also the Registered financial office (RFO) acts as the council's responsible finance officer who is responsible for administering the council's finances. The clerk is responsible for the day-to-day compliance with laws and regulations and for the management of risk.

4. Financial and Accounting Procedures

Cashbook/Bank Reconciliation

- The cash book is kept electronically in accounts software (Scribe), maintained up to date from original documents (invoices, BACS payments and cheques as they are prepared).
- All members of the Parish council will have read only access of the SCRIBE accounts with the clerk/RFO maintaining administration, to ensure oversight and transparency.
- The cash book is reconciled to the bank statement monthly.
- Reconciled accounts are presented to each Parish council meeting for reference.
- The cash books, payments and receipts and bank reconciliation are reviewed and approved by members of the Parish Council, with reference to the underlying records (bank statements and minutes plus copies of accounts papers etc.
- The bank reconciliation is reported to the full Parish Council and included in the minutes.
- The latest financial position and movements on the Parish councils cash balances are reported at each council meeting and can be traced back to the expenditure approved at the previous meeting via the expenditure list.

Financial Regulations

- The Parish council has adopted financial regulations based on the model version prepared by NALC.
- The regulations are reviewed annually for continued relevance, amended where necessary by the clerk/RFO with the proposed amendments.
- Subject to approval by the Parish Council.

Payment Controls

- Dependant on the nature of the supply, the clerk/RFO signs the purchase order to verify that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- All invoice payments are listed and presented at Parish council meetings where the expenditure will be authorised for payment.
- Payments made are listed on the agenda and reported in the minutes of the meeting.
- Payments are uploaded to Lloyds bank by the clerk and then authorised by two councillors.

VAT repayment Claims

- The clerk/RFO ensures that all invoiced are addressed to the Parish Council.
- The clerk/RFO ensures that proper VAT invoices are received where VAT is payable.
- The clerk/RFO maintains a log within SCRIBE of all VAT reclaimed during the year.
- The clerk/RFO reconciles the VAT payment when received by BACS payment.

Income Control

- The clerk/RFO ensures that the amount of precept received is correct in accordance with the precept request to the Borough Council.
- The clerk/RFO ensure that the precept instalments are received when due.
- Income is banked promptly.

Budget Control

- The precept is based on the budget and is requested by the deadline set by Wiltshire County Council.

Payroll Control

- The clerk/RFO is paid under PAYE as an employee monthly.
- The clerks/RFO salary is paid via BACs.
- The payroll will be undertaken by Pepperbox Ltd who will ensure that all HMRC returns are made.

Office and Clerks Expenses

- The clerk submits a request to the next Parish Council with receipts for any monies owing, this will be subject to approval by the meeting.

Asset Control

- The clerk/RFO will maintain a full asset register.
- The existence and condition of assets is checked on an annual basis by members of the Parish Council where a risk assessment is taken.
- The adequacy of insurance of the Parish Council assets is considered annually in advance of insurance renewal.

Risk Management

- The council undertakes regular risk assessments reviews and takes the necessary action arising from those reviews.

Review of Effectiveness

- The council will undertake a in house audit prior to the annual internal audit to evaluate its effectiveness at the internal controls in place and ensure that the AGAR returned is a true and accurate. (appendix1)
- The council approves the appointment of an internal auditor who reports to the council in accordance with the scope of internal audit sufficient to provide an adequate level of assurance for the council to complete assertions 2 and 6 in its annual governance statement. The scope of the work of the auditor is reviewed annually and the review outcomes minuted at the next meeting of the full council following receipt.

Recommendation

That the parish council consider the attached statement of internal control, reviewing it to consider the controls currently in place are suitable, robust, and effective.

The following statement of internal control was considered by Fovant Parish Council at its annual general meeting on thean approved by the council as a true statement of the course of events undertaken by the clerk/RFO.

