

Fovant Parish Council

Statement of Internal Control Appendix 1

Annual Internal Audit to review the effectiveness of the system of internal controls.

Scope and Responsibility

Fovant Parish Council is responsible for ensuring that business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, used economically, efficiently, effectively and gives value for residents.

In meeting this responsibility assurance is required to ensure that there is a robust system of internal control and that the council's accountability is risk based, proportionate to that risk, and gives stakeholders assurance that the council is using funding appropriately.

Purpose of the System of Internal Control

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and priorities risks to the councils' policies, aims and objectives and to evaluate and manage those risks accordingly.

Review of Effectiveness

A yearly review is to be undertaken by two councillors who are not signatories to the council's bank account, in addition the whole council will undertake a review of the risk management plan.

| No | Area | Question | Yes/No | Recommendation for Action |
|----|---------------------|--|--------|---------------------------|
| 1. | Budgetary Controls | Has the council prepared an annual budget in support of its precept? | | |
| | | Is actual spend against budget regularly reported to council? | | |
| | | Are there any significant variances from budget? | | |
| 2. | Income controls | Is any income properly recorded and promptly banked? | | |
| | | Does the precept recorded agree to the council's tax authority's notification? | | |
| 3. | Payroll controls | Does employee have a contract of employment with clear terms and conditions? | | |
| | | Is payroll run from an external independent company? | | |
| | | Do salary payments agree with those of the contract and any council agreed additional hours? | | |
| | | Have PAYE/NIC contributions been paid as per the pay slip to HMRC? | | |
| 4. | Asset controls | Does the council maintain a register of all material assets owned or in its care? | | |
| | | Is the asset register up to date? | | |
| | | Does the asset insurance valuations agree with those on the asset register? | | |
| 5. | Bank reconciliation | Is there a monthly bank reconciliation for each bank account? | | |
| | | Are there any unexplained variances on the reconciliation? | | |

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|----|---|--|--|--|
| 6. | Year-end procedures | Are year-end accounts prepared on the correct accounting basis (receipts & payments)? | | |
| 7. | Standing orders and financial regulations adopted and applied | Has council formally adopted standing orders and financial regulations and reviewed them annually? | | |
| | | Has a responsible financial officer been appointed with specific duties? | | |
| 8. | Payment controls | Are payments in the accounts supported with invoices, authorized and minuted in council meetings? | | |
| | | Is S137 expenditure separately recorded and within statutory limits? | | |
| | | Has VAT on payments been identified, recorded, and reclaimed in the quarter? | | |
| 9. | Risk management arrangements | Does a review of minutes identify any unusual financial activity? | | |
| | | Do minutes record regular review of the risk register by council? | | |
| | | Is insurance cover appropriate and adequate? | | |
| | | Are internal financial control documents reviewed Yearly? | | |

We confirm we have completed the above review:

Councillor_____ Councillor_____

Print Name_____ Print Name_____ Next review date_____

