

MILTON DAMEREL PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL POLICY

1.0 OVERVIEW

- 1.1 Accounts and Audit Regulations, 2011 (England) and any subsequent revision, 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. A Statement of Internal Controls has therefore been prepared and this is included following this report.

2.0 RECOMMENDATION

- 2.1 That the Parish Council consider the attached Statement of Internal Controls, reviewing it to consider whether the controls currently in place are effective.

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| The following statement of internal control was considered by Sutcombe Parish Council at its meeting of 9th March 2015 and approved by the council as a true statement of the course of events undertaken by the clerk/PFO | |
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| Signature of chairman: | | Date: |
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SUTCOMBE PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL

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| Cash book/Bank reconciliations | <ul style="list-style-type: none"> • The cash book is kept electronically (in spreadsheet format), maintained up to date from original documents (cash received, invoices, payments and cheques as they are prepared). • The cash book is reconciled to the bank statement monthly • Reconciled accounts are presented at the Parish Council Meetings • The cash book, payments and receipts, and bank reconciliation is reviewed and approved by a member of the Parish Councillor nominated as internal control, with reference to the underlying records (bank statements and minutes) at least twice a year. • The bank reconciliation is reported to the Full Parish Council and minuted as such |
| Financial Regulations | <ul style="list-style-type: none"> • The Parish Council has adopted financial regulations. The regulations are reviewed at least annually (March) for continued relevance and amended where necessary by the RFO with any proposed amendments subject to approval by the council |
| Order/Tender controls | <ul style="list-style-type: none"> • 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. • Official orders /letters are sent to suppliers for services which are not regular in nature |
| Payment Controls | <ul style="list-style-type: none"> • Depending on the nature of the supply, the RFO signs the purchase invoice to indicate that the supply has been received, and that the invoice calculations are correct. • Purchase orders/emails/letters ordering work are matched to purchase invoices where applicable • Payments are listed in cheque number order in the cash books and in accounts files • All invoices for payment are listed on the meeting agenda where the expenditure is to be authorised for payment • Payments are listed in the minutes of the meeting • Original invoices are available at meetings • Cheques are signed by three 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 payments are paid by cheque, they are identified by the cheque number and referenced in the cash-book. This is cross checked with the bank statements. |

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| Payments made under section 137 of the 1972 LGA ("The Free Resource") | <ul style="list-style-type: none"> • The RFO calculates the maximum amount of s137 expenditure able to be made each year and ensures it is not exceeded • Where requests for expenditure from s137 is made this is made clear on the meeting agendas where the payment is to be approved • A minute authorising expenditure form s137 is prepared on each occasion |
| VAT repayment claims | <ul style="list-style-type: none"> • 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 each year. |
| Income controls | <ul style="list-style-type: none"> • RFO ensures that the amount of precept received is correct in accordance with the precept request sent to Torridge District council • RFO ensures that the precept instalments are received when due • RFO ensures the other receipts (deposit interest, rents) are received when due and correctly calculated • Income is banked promptly |
| Budgetary controls | <ul style="list-style-type: none"> • The budget is prepared in consultation with The Parish Council, as evidenced by reports and minutes in advance of the start of the year • The precept is set on the basis of the budget by the deadline set by Torridge District Council |
| Payroll Controls | <ul style="list-style-type: none"> • The clerk/RFO is the only employee of the Council • The clerk is paid under PAYE, the clerk keeps this up to date • The clerk's salary is set using NALC guidelines. Any pay awards must be agreed by the council and minuted. |
| Office and clerk's expenses | <ul style="list-style-type: none"> • The clerk submits a request for reimbursement of monies owing by way of an invoice in advance of each meeting. • The expenses cover any out of pocket expenses • The expenses are paid by cheque |
| Asset Control | <ul style="list-style-type: none"> • The RFO maintains a full asset register • The existence and condition of assets is checked on a n annual basis by a member of the Parish Council • The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal |

Confirmed 5th March 2018 signed.....

Chairman Councillor Stephen Moyse