

# WARMINGTON PARISH COUNCIL

## STATEMENT OF INTERNAL CONTROL AND QUARTERLY REVIEW OF INTERNAL CONTROL

### 1.0 OVERVIEW

- 1.1 Regulation 3 of the Accounts and Audit Regulations, 2015, imposes a duty on local councils to ensure 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 operational management of the authority is effective; and
  - c) includes effective arrangements for the management of risk.
- 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.
- 1.5 In order that the internal control is a working document, followed in practice, the accounts will be reviewed on a quarterly basis. This will be carried out by a different member of the council or governance committee in turn (as recommended by the council's internal audit in 2018), and the accounts received in a properly convened meeting accordingly.

### 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.

Prepared by: Sarah Rodger  
Clerk and RFO  
March 2020

The following statement of internal control was considered by Warmington Parish Council at its meeting of 12<sup>th</sup> March 2020 and approved by the council as a true statement of the course of events undertaken by the clerk /RFO and council.

Signature of Chairman:

Date:

## STATEMENT OF INTERNAL CONTROL

<b>Cash Book / Bank reconciliations</b>	<p><b>MONTHLY</b></p> <ul style="list-style-type: none"> <li>• Accounts are kept electronically in Rialtas Business Solution (RBS) Alpha software.</li> <li>• The cash books are reconciled to the bank statements monthly.</li> </ul>	Yes/No  Yes/No
	<p><b>ANNUALLY</b></p> <ul style="list-style-type: none"> <li>• Reconciled accounts are presented in advance of quarterly Parish Council meetings for reference.</li> <li>• The cash books, payments and receipts, and bank reconciliation is reviewed and approved by a member of the Parish Council nominated as internal control, with reference to the underlying records (bank statements and minutes plus copies of accounts papers etc) at least biannually</li> <li>• The bank reconciliation is reported to the full Parish Council and minuted as such</li> </ul>	Yes/No  Yes/No  Yes/No
Financial Regulations	<p><b>ANNUALLY</b></p> <ul style="list-style-type: none"> <li>• The Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed for continued relevance and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council.</li> </ul>	Yes/No
Order/Tender controls	<p><b>ANNUALLY</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Official orders/letters are sent to suppliers for services which are not regular in nature</li> </ul>	Yes/No  Yes/No
Legal Powers	<p><b>ONGOING</b></p> <ul style="list-style-type: none"> <li>• All orders are placed by the council in the proper way, via an officer only. Councillors may not place orders or issue instructions to suppliers or contractors.</li> </ul>	Yes/No
	<p><b>ANNUALLY</b></p> <ul style="list-style-type: none"> <li>• A proper legal power is identified in advance of any expenditure via the budget.</li> </ul>	Yes/No

## STATEMENT OF INTERNAL CONTROL (CONTD/.....)

Payment controls	<p><b>QUARTERLY</b></p> <ul style="list-style-type: none"> <li>• Depending on the nature of the supply, the RFO passes 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.</li> <li>• Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable</li> <li>• Where possible invoices for payment are listed on the meeting agenda where the expenditure is to be authorised for payment, otherwise original invoices are available at the meeting for approval.</li> <li>• Payments are made between meetings under delegated powers, but invoices are available for authorising members to verify the information is correct</li> <li>• Payments made are listed in the minutes of the meeting.</li> <li>• Electronic copies of all invoices are available to the Councillors authorising payments.</li> </ul> <p><b>ANNUALLY</b></p> <ul style="list-style-type: none"> <li>• Most payments are made by Bank Transfer or BACS. Electronic payments are set up by the RFO who cannot authorise the payments and authorised by a mandated authoriser, who is not able to set up payments.</li> <li>• The RFO maintains control of the cheque book at all times, cheques will only be issued by the clerk/RFO and signed by authorised signatories.</li> </ul>	<p>Yes/No</p> <p>Yes/No</p> <p>Yes/No</p> <p>Yes/No</p> <p>Yes/No</p> <p>Yes/No</p>
Payments made under section 137 of the 1972 LGA (“The Free Resource”)	<p><b>ANNUALLY</b></p> <ul style="list-style-type: none"> <li>• A separate s137 account is maintained.</li> <li>• 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</li> <li>• Where requests for expenditure from s137 are made this is made clear on the meeting agendas where the payment is to be approved</li> <li>• The proper minute authorising expenditure from s137 is prepared on each occasion</li> </ul>	<p>Yes/No</p>
VAT repayment claims	<ul style="list-style-type: none"> <li>• RFO ensures that all invoices are addressed to the Parish Council.</li> <li>• RFO ensures that proper VAT invoices are received where VAT is payable</li> <li>• RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year</li> </ul>	

Income controls	<ul style="list-style-type: none"> <li>• RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council</li> <li>• RFO ensures that the precept instalments are received when due</li> <li>• RFO ensures that other receipts (deposit interest, allotment and land rents) are received when due and correctly calculated.</li> <li>• Receipts are issued for cash received and a copy kept.</li> <li>• Income is banked promptly.</li> </ul>	•
Financial reporting	<ul style="list-style-type: none"> <li>• An Income &amp; Expenditure account, comparing actual expenditure to the budget and the previous year is prepared on at least a quarterly basis, presented to the Parish Council in advance of the meeting and minuted as such.</li> </ul>	•
Budgetary controls	<ul style="list-style-type: none"> <li>• The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year</li> <li>• The precept is set on the basis of the budget by the deadline set by East Northants District Council.</li> </ul>	•
Payroll controls	<ul style="list-style-type: none"> <li>• The Clerk is paid under PAYE as an employee.</li> <li>• The Clerk's salary is set by the Council and a minute is prepared to show the agreed salary.</li> <li>• The salary is paid by standing order.</li> <li>• The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.</li> </ul>	•
Office and clerk's expenses	<ul style="list-style-type: none"> <li>• The clerk submits a request for reimbursement of monies owing by way of an expense account, in advance of 6 monthly meetings.</li> <li>• The expenses cover a contribution towards the cost of maintaining an office at the clerk's home and any out of pocket expenses as well as motoring expenses, as laid down by joint SLCC/NALC guidelines</li> <li>• All receipts and invoices are linked electronically for approval.</li> </ul>	•
Asset Control	<ul style="list-style-type: none"> <li>• The RFO maintains a full asset register using Rialtas software</li> <li>• The existence and condition of assets is checked on an annual basis by a member of the Parish Council.</li> <li>• The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.</li> </ul>	•