

BICKENHILL & MARSTON GREEN PARISH COUNCIL

INTERNAL CONTROLS

SCOPE OF RESPONSIBILITY

Bickenhill & Marston Green Parish Council (the 'Council') is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is also responsible for ensuring there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk. It cannot provide an absolute assurance of effectiveness. The system of control is based on an on-going process to identify the risks to achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

THE INTERNAL CONTROL ENVIRONMENT

The Council:

- Has appointed a Chairman who is responsible for the smooth running of meetings;
- Meets eleven times each year, including an annual meeting in May;
- Approves budgets for the following year at its December/January meeting. The January meeting of the Council approves the level of Precept for the following financial year;
- Monitors, through the Finance & General Purpose Committee (the 'F&GP Committee') and the Recreation Committee the actual expenditure against budget on a monthly basis (except August); and
- Appoints and reviews the work of the Internal Auditor.

The Clerk to the Council/RFO:

- is responsible for administering the Council's finances;
- is responsible for the day-to-day compliance with the law and regulations that the Council is subject to and for managing risks; and
- ensures that the Council's procedures, control systems and policies are adhered to.

Payments:

Payments are reported to each meeting of the Council. Members authorise the payments and a sample of payments made through the online banking system are checked at each F&GP Committee meeting.

Risk Assessments/ Risk Management:

The F&GP Committee review the following items at their monthly meetings (except August):

- Bank reconciliations;
- Cashbook Financial Summary Report;
- Audit check of 3 payroll payments;
- Budget position;
- CIL budget position;
- Aged Debtors report; and
- VAT return (quarterly).

The Recreation Committee review the following items at their monthly meetings (except August):

- Income and Expenditure against budget.

At the monthly Parish Council meetings (except August) the following are reviewed:

- Finance Approval List; and
- List of urgent payments made.

All items are recorded in the minutes of the relevant meetings.

The Council reviews the Risk Assessment yearly at the Annual Parish Meeting.

Internal Audit:

The Council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:

- Records;
- Procedures;
- Systems;
- Internal controls;
- Regulations;
- Risk Management; and
- Reviews.

The effectiveness of the independent internal audit is reviewed annually.

External Audit:

The Council's External Auditors are appointed by the Smaller Authorities Audit Appointments Ltd (SAAA) and submit an annual Certificate of Audit, which is reported to the Council.

REVIEW OF EFFECTIVENESS

The Parish Council reviews the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of:

- The Full Council;
- The Finance & General Purpose Committee;
- The Clerk to the Council/RFO who has the responsibility for the development and maintenance of the internal control environment and managing risks;
- The independent Internal Auditor who reviews the Council's system of internal control;
- The External Auditor, who makes the final check using the Annual Return and issues an annual audit report (part 3 of the Annual Governance and Accountability Return); and
- The number of significant issues that are raised during the year.

STATEMENT OF INTERNAL FINANCIAL CONTROLS

Cash Book / Bank reconciliations	<ul style="list-style-type: none"> The cash book is kept electronically, maintained up to date from original documents (cash received, invoices, payments (s/o) made and cheques as they are prepared) The cash book is reconciled to the bank statement monthly Reconciled accounts are prepared in advance of each F&GP Committee meeting The bank reconciliation is reported to the F&GP Committee meeting and minuted The latest financial position and movements on the Council's cash balances are reported at each F&GP Committee meeting and can be traced back to the expenditure approved in the previous meeting via the minutes
Financial Regulations	The Parish Council has adopted financial regulations, based on the model version prepared by NALC. The regulations are reviewed for continued relevance and amended where necessary by the RFO 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
Payment controls	<ul style="list-style-type: none"> Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable Payments will be listed in transaction number order in the cash book The council has a BACS system in place. The RFO is authorised to set up BACS payments online The RFO is authorised to transfer funds internally ie from one of the council's accounts to another The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in F&GP or Council meetings Every payment is identified by a sequential transaction number. This number is used to identify the transaction in the payments cashbook, the invoice and cross referenced on the bank statement in ink When invoices are paid by BACS, they are identified by the transaction number which is cross checked with the bank statements
Payments made under section 137 of the Local Government Act 1972	<ul style="list-style-type: none"> A separate s137 account is maintained in the cash book Each year the RFO calculates the maximum allowable amount of s137 expenditure and ensures that it is not exceeded Each record of expenditure from s137 is properly minuted.
VAT repayment Claims (VAT126)	<ul style="list-style-type: none"> RFO ensures compliance with VAT notice 749 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 and submits a claim for repayment quarterly
Income	<ul style="list-style-type: none"> RFO ensures that amount of the precept received is in accordance with the

controls	<p>precept request sent to the District Council</p> <ul style="list-style-type: none"> • RFO ensures that the precept instalments are received when due • RFO ensures that other receipts are received when due and correctly calculated • Individually numbered (transaction number) receipts are issued for cash received and a copy kept • Receipts are recorded on the cash book when received • Income is banked promptly
Budgetary controls	<ul style="list-style-type: none"> • The budget is approved by the Council before the end of the financial year preceding the year to which it relates • The precept amount is identified following approval of the budget; the precept demand is issued to the billing authority by the date stipulated by the billing authority and in any case before 1st March at the latest
Payroll controls	<ul style="list-style-type: none"> • The Clerk is an employee and the RFO must register the Council with HMRC online; the Council, via RFO is responsible for reporting PAYE & NI monthly • The Clerk's salary is set by the Council and a minute is prepared to show the agreed salary • The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done • The RFO will act for the Parish Council regarding Pension duties and will work with the member appointed as the employer's contact
Office and clerk's expenses	<ul style="list-style-type: none"> • The clerk submits an invoice for reimbursement of monies owing by way of an expense account • Expenses are paid by BACS and the expense sheet treated as an invoice for accounting purposes
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 yearly basis • The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal