**Twyford and Thorpe Satchville Parish Council**

**STATEMENT OF INTERNAL CONTROL AND ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL**

1.0 **OVERVIEW**

1.1 Regulation 4 of the Accounts and Audit Regulations, 2003 as amended, 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.

Prepared by: Philip Challoner

 Clerk and RFO

 July 2024

The following statement of internal control was considered by Twyford & Thorpe Satchville Parish Council at its meeting of 23rd July 2024 and approved by the council as a true statement of the course of events undertaken by the Clerk/RFO.

Signature of Chairman:

Date:

STATEMENT OF INTERNAL CONTROL

Cash Book/Bank reconciliations

1. The cash book is maintained up to date from original documents (cash received, invoices, payments (s/o) made and cheques as they are prepared).
2. The cash book is reconciled to the bank statement at least quarterly
3. The bank reconciliation is reported to the full Parish Council.
4. The latest financial position and movements on the Parish Council’s cash balances are reported at each council meeting .

Financial Regulations & Standing Orders

1. The Parish Council has adopted financial regulations and standing orders. The regulations and orders are reviewed for continued relevance at least annually and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council.

Order/Tender controls

1. 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

1. Depending on the nature of the supply, the RFO checks 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.
2. Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
3. Payments will be listed in cheque number order in the cash books and in accounts files.
4. All invoices for payment are listed on the report tabled at a meeting where the expenditure is to be authorised for payment.
5. Payments made are attached to the minutes of the meeting.
6. Original invoices are available to the Councillors signing the cheques.
7. Cheques will be signed by two councillors, who are authorised to sign on the Council’s bank mandate.
8. The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings .
9. When invoices are paid by cheque, they are with identified by the cheque number and referenced in the cashbook by the cheque

number.. This is cross checked with the bank statements.

Payments made under section 137 of the 1972 LGA (“The Free Resource”)

1. A separate s137 account is maintained
2. The RFO calculates the maximum amount of s137 expenditure able to be made each year and ensures that it is not exceeded .
3. Where requests for expenditure from s137 are made this is made clear at the meeting where the payment is to be approved.
4. The proper minute authorising expenditure from s137 is prepared on each occasion.

VAT repayment claims

1. RFO ensures that all invoices are addressed to the Parish Council.
2. RFO ensures that proper VAT invoices are received where VAT is payable.
3. RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

Income controls

1. RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council.
2. RFO ensures that the precept instalments are received when due.
3. RFO ensures that other receipts (deposit interest, allotment and land rents) are received when due and correctly calculated.
4. Income is banked promptly.

Financial reporting

1. A Budget control, comparing actual receipts and payments to the budget is prepared on an annual basis, presented to the Parish Council .

Budgetary controls

1. The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year.
2. The precept is set on the basis of the budget by the deadline set by Melton Borough Council.

Payroll controls

1. All employees are paid under PAYE as an employee and the necessary system for HMRC RTI is in place.
2. All employees’ salaries are set by the Council and a minute is prepared to show the agreed salary.
3. The salaries are paid by cheque.
4. The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done

Office and clerk’s expenses

1. The clerk submits a request for reimbursement of monies owing by way of an expense account for approval
2. The expenses cover any out of pocket expenses .
3. Expenses are paid by cheque with the salary.

Asset Control

1. The RFO maintains a full asset register.
2. The adequacy of insurance of the Parish Council’s assets is considered annually in advance of the insurance renewal.

Risk Assessment

1. A risk assessment is carried out annually by the Clerk and presented to a Council meeting where it is approved, signed and minuted as approved by the Council.