

BRIZLINCOTE PARISH COUNCIL

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

1. OVERVIEW

- 1.1 Local councils have a duty 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 to conduct, at least once a year, in accordance with proper practices, a review of the effectiveness of its system of internal control. The council is required to complete and 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.

2. RECOMMENDATION

- 2.1 That the Parish Council gave consideration to the below and recommend that the controls currently in place are effective.

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STATEMENT OF INTERNAL CONTROL

Cash Book/Bank Reconciliations	<ul style="list-style-type: none"> ▪ The Cash Book is kept up-to-date from original documents (paying-in books, invoices, cheque stubs). ▪ The Cash Book is reconciled to the bank statement on a monthly basis.
Financial Regulations	<ul style="list-style-type: none"> • The regulations are reviewed annually and amended where necessary by the Responsible Financial Officer (RFO) and presented to members annually.
Order/Tender Controls	<ul style="list-style-type: none"> ▪ In accordance with the Financial Regulations, the number of estimates, quotations required for orders are listed.
Legal Powers	<ul style="list-style-type: none"> ▪ A proper legal power is identified in advance of any expenditure.
Payment Controls	<ul style="list-style-type: none"> ▪ Purchase Orders/letters ordering the work are matched to purchase invoices where applicable. ▪ A Schedule of Payments is presented to every ordinary meeting of the Council and listed in the minutes. ▪ All payments are checked by the RFO and are signed by two authorised signatories and initial documents accordingly. ▪ Original invoices are signed by an authorized signatory.
The Free Resource, i.e. LGA 1972, s.137	<ul style="list-style-type: none"> ▪ A separate s.137 account is maintained when necessary. ▪ The proper minute authorizing expenditure from s.137 is prepared on each occasion.
VAT Repayment Claims	<ul style="list-style-type: none"> ▪ The RFO ensures that all invoices are addressed to the Parish Council. ▪ The RFO ensures that proper VAT invoices are received where VAT is payable. ▪ The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

Income Controls	<ul style="list-style-type: none"> ▪ The RFO ensures that the amount of Precept received is correct in accordance with the Precept request submitted to the East Staffordshire Borough Council. ▪ The RFO ensures that the Precept instalments are received when due. ie April and September.
Financial Reporting	<ul style="list-style-type: none"> ▪ The performance to date and latest year end forecast against the agreed annual Budget are presented quarterly to ordinary meeting of the Council
Budgetary Controls	<ul style="list-style-type: none"> ▪ The budget is prepared in consultation with the Parish council ▪ The Precept is set on the basis of the budget by the deadline set by the East Staffordshire Borough Council.
Payroll Controls	<ul style="list-style-type: none"> ▪ Council's External Payroll – Peach and Co are the appointed external payroll provider who calculated HMRC, automatic enrolment. ▪ All staff are paid under PAYE. ▪ All staff salaries are set by the Parish Council and a minute is prepared to show the agreed salaries. ▪ Salaries are paid by BACS or CHAPS payment; all payments are approved by Council and are inputted electronically by the RFO.
Asset Control	<ul style="list-style-type: none"> ▪ The RFO maintains a full Asset Register. ▪ The insurance of the Parish Council's assets is considered annually in advance of the insurance renewal. November is the date when the annual insurance for Brizlincote parish council is due.