



STATEMENT OF INTERNAL CONTROL

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.

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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 made and cheques as they are prepared) • The cash book is reconciled to the bank statement monthly. • Reconciled accounts are presented in advance of each Parish Council meeting for reference. • 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. • The bank reconciliation is reported to the full Parish Council and minuted as such every month.
Audit	An Internal Audit is carried out by an independent auditor. The Councils external Auditor then completes a final check using the Annual Return.
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 Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council.
Standing orders	The Parish Council has adopted the Model Standing Orders as recommended by NALC.
Petty Cash	There is no petty cash.
Insurance	The Parish Council’s insurance provision is reviewed annually both in relation to its schedule cover.

Payment controls	<ul style="list-style-type: none"> • Purchase orders/emails/letters ordering any work are matched to purchase invoices where applicable. • Payments will be listed in cheque number order in the cash books and in accounts files. • All invoices for payment are listed on the schedule of payments at each meeting where the expenditure is authorised for payment. • Payments made are listed in the minutes of the meeting • Original invoices are available to the Councillors signing the cheques. • Cheques will be signed by two councillors, who are authorised to sign on the council's bank mandate. • The RFO maintains control of the cheque book at all times, and the RFO is not a signatory to the bank accounts or able to make bank transfers. • When invoices are paid by cheque, they are 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")	<ul style="list-style-type: none"> • A separate s137 account column is maintained • 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.
VAT repayment claims	<p>RFO ensures that invoices are addressed to the Parish Council.</p> <ul style="list-style-type: none"> • 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.
Income controls	<ul style="list-style-type: none"> • RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council • RFO ensures that other receipts are received when due and correctly calculated. • Income is banked promptly.
Financial reporting	<ul style="list-style-type: none"> • A Budget control, comparing actual receipts and payments to the budget and the previous year is prepared on a monthly basis, presented to the Parish Council in advance of the meeting and minuted as such.
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 Leeds City Council.
Payroll controls	<ul style="list-style-type: none"> • The Clerk's salary is set by the Council and a minute is prepared to show the agreed salary • The salary is paid by standing order or cheque. • All payroll administration is carried out by Bradford Payroll and Accounts.
Asset Control	<ul style="list-style-type: none"> • The RFO maintains a full asset register • The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

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