STRADBOKE PARISH COUNCIL

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

SCOPE OF RESPONSIBILITY

Accounts and Audit Regulations impose a duty on a local council to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control". Stradbroke Parish Council is responsible for ensuring that 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. The Council is responsible for ensuring that 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 PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

THE INTERNAL CONTROL ENVIRONMENT

The Council:

The Council reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the council approves the level of precept for the following financial year.

The council usually meets 12 times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Clerk or Councillors with specific responsibilities. The budget is then reviewed by the Finance & Premises Committee in light of the year-end figures, and if necessary a revised budget is presented at the April meeting. The Council carries out regular reviews of its internal controls, systems and procedures. See table below.

Clerk /Responsible Financial Officer:

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for advising on the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Risk Assessments/Risk Management:

The Council reviews its risk assessment annually and regularly reviews its systems and controls.

REVIEW OF EFFECTIVENESS

The Council has a responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council, which should also approve the Statement of Internal Control.

---------- ----- ----------

Chairman Clerk / RFO

STATEMENT OF INTERNAL CONTROL

CASH BOOK/BANK RECONCILIATIONS	The cash book is kept electronically in spreadsheet format, and kept up to date from original documents – receipts, invoices, payments. The cash book is reconciled to the bank statement in preparation of each Parish Council meeting. A bank reconciliation is presented at each Parish Council meeting. The expenditure approved at meetings in the year is recorded via the minutes, usually via a finance schedule. All Payments and Receipts are recorded on the monthly schedule approved by Councillors. All payments and receipts are cross referenced to a bank statement. Bank statements are initialled by a Councillor at a Parish Council meeting or at a Committee meeting.
FINANCIAL REGULATIONS	The Parish Council has adopted Financial Regulations based on the NALC model. The regulations are reviewed for continued relevance and amended where necessary and approved by the Parish Council.
ORDER/TENDER CONTROL	Financial Regulations refer to procedures relating to tenders.
LEGAL POWER	Stradbroke Parish Council has adopted the General Power of Competence as the power of first resort. As requested by the Council - a proper legal power is identified for each item of expenditure within the accounting process, where there is no power, GPoC is recorded.
PAYMENT CONTROLS	Payments are reported to the council for approval via the agenda. Two members of the council must sign every payment voucher. The signatories should consider each payment against the relevant invoice, sign the payment voucher and initial the cheque counterfoil (if used). All members of the Finance & Premises Committee are authorised cheque signatories, and two signatures are required for each cheque. No officer of the Council can sign cheques. The Clerk maintains control of the cheque book at all times. Cheques will only be issued and signed for payments approved in Council meetings. For BACs payments, all members of the Finance & Premises Committee and the Clerk/RFO are authorised to access the online payment system. Online payments are set up by the RFO, and authorised by a Councillor following the approval of payments by 2 Councillors. Payments are approved at Council meetings and listed in the minutes of the relevant meeting via a schedule appended to the minutes. A payment voucher (PV) is produced for each payment and a copy of the invoice (if one is available) is attached, all cheque numbers are noted on the PV, if the payment is electronic then BACS or DD (direct debit) is noted on the voucher, if the payment was made via the Council's payment card, then CC is recorded as the payment method. The PV number and payment method are noted on the cash book. All bank statements are reconciled to the cheque book with all PV/Statement numbers being noted on the PV and cheque stub respectively. Occasionally, emergency/exceptional/contractual payments are required outside of Parish Council meetings; this can be as a result of a monthly meeting

	not taking place, or a payment falling due prior to the next scheduled meeting. All payments must be for works previously authorised by the Parish Council or in accordance with Financial Regulation 6.7. Where an exceptional/emergency payment is required that is not budgeted or previously approved at a Council Meeting and does not comply with regulation 6.7, a PV will be prepared and will be authorised by 2 Councillors before payment is made. All emergency/exceptional/contractual payments will be noted at the council meeting following payment.
PAYMENT CARD	The Clerk operates the Council's payment card. Transaction limit is £2000 with monthly limit of £2000. All purchases are reported monthly via the monthly report to full Council.
RECEIPTS	A receipt voucher is produced for all receipts and the number noted in the cash book and bank statements. All cheques made payable to the Parish Council are copied before being posted to the bank.
PAYMENTS MADE UNDER SECTION 137 of the LGA 1972	Currently the Parish Council has adopted the General Power of Competence and therefore does not need to separately record s.137 payments. Grants and Donations are separately accounted for and the council has a Grant Awarding Policy and all requests for grants must be made via the Grant Awarding application form. Donations are approved by the Parish Council and recorded in the minutes.
VAT RECLAIMS	Where possible, the Clerk ensures that all invoices are addressed to the Parish Council. The Clerk maintains a VAT account and ensures that the correct amount of VAT is reclaimed in the year.
INCOME CONTROLS	All income is received and banked in the council's name in a timely manner and reported to the council. The Clerk ensures that the amount of precept received is correct in accordance with the precept request sent to the District Council. The Clerk ensures that the precept instalments are received when due.
FINANCIAL REPORTING	A budget control, comparing actual receipts and payments to the budget, is prepared and presented to the Finance & Premises Committee and/or the Parish Council quarterly and recorded in the relevant minutes.
BUDGETARY CONTROLS	The budget is prepared in draft by the Finance & Premises Committee and presented for approval to the full Council, as evidenced by reports and minutes in advance of the start of the financial year. The Precept request is submitted by the deadline dictated by the District Council.
PAYROLL CONTROLS	All staff are paid under PAYE as employees of the Council and payroll is outsourced to SALC who submit the necessary information to HMRC, all necessary payments are made to HMRC and pension companies. The Clerk is responsible for submitting the monthly return to Suffolk Pensions who operate the LGPS pension scheme. The Clerk's salary is set by the Council and a minute is prepared to show the agreed salary. All staff, other than the Clerk, are paid the national living wage with some of their costs being grant funded.
OFFICE ALLOWANCES AND CLERK'S EXPENSES	The Clerk is paid a home working allowance in accordance with HMRC guidelines.

	The Clerk submits a request for reimbursement of any other expenses owing by way of an expense sheet when there are any to be claimed. The expenses include travel expenses as laid down by the joint SLCC/NALC guidelines. The expense sheet is treated as an invoice for accounting purposes.
ASSET CONTROL	The Clerk maintains a full asset register. The existence and conditions of assets is checked on annual basis by the Parish Council. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.
INTERNAL AUDIT	The Council annually appoints an independent internal auditor who provides a full report to the council on Records, Procedures, Systems, Internal control, Regulations, Risk management. The internal auditor will have planned and carried out the work necessary to give the assurances called for in the Local Councils Annual Return. The Parish Council annually reviews the scope of work offered by the internal auditor.
EXTERNAL AUDIT	The Council submits an annual return to the external auditor appointed by the Audit Commission in a timely manner.