



Stanton under Bardon Parish Council

## DOCUMENT CONTROL

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## INTRODUCTION

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.”

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.

The review of the effectiveness of the system of internal control is informed by the work and any issues identified by:

- Full Council – identification of new activities
- Clerk to the Council/RFO who has responsibility for the development and maintenance of the internal control environment and managing risks – risks identified
- Internal Auditor who reviews the Council’s system of internal control. The auditor will make a written report to the Council (in addition to IA Section Report in the AGAR) – action arising from reports
- The Council’s External Auditors who make the final check using the Annual Governance & Accountability Return, a form completed and signed by the RFO, the Chairman and the Internal Auditor. The External Auditor issues an annual audit certificate – action arising from AGAR.
- Council meetings and on-going business – significant issues that are raised during the year

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.

### Cash Books and Bank Reconciliations

- The cash book is kept electronically, maintained up to date from original documents (cash received, invoices, payments (s/o, bacs) made and cheques as they are prepared).

- The cash book is reconciled to the bank statement every month.
- Reconciled accounts are presented quarterly at Parish Council meeting for reference and are signed and approved by Chairman
- The cash books, payments and receipts, and bank reconciliation is reviewed and approved by a member of the Parish Council, with reference to the underlying records (bank statements and minutes plus copies of accounts papers etc) at least quarterly

### **Financial Regulations & Standing Orders**

- The Parish Council has adopted financial regulations and standing orders, based on the model versions prepared by NALC. 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.

### **Payment controls**

- 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.
- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- All invoices for payment are listed on the report tabled at a meeting where the expenditure is to be authorised for payment.
- Payments made are attached to the minutes of the meeting.
- Original invoices are available to the Councillors signing the cheques or authorising bacs payment..
- Cheques & BAC payments will be signed by two councillors, who are authorised to sign on the Council's bank mandate
- The RFO is authorised to transfer funds from one account to another.
- The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings except for special circumstances whereby the Chairman and Vice Chairman give authority.
- Every payment is identified by a sequential unique number. This number is used to identify the transaction in the payments cash book, the invoice and cross referenced to the bank statement.
- When invoices are paid by cheque, they are with identified by the cheque number and referenced in the cash book by the cheque number, as well by the unique identifier. This is cross checked with the bank statements.

### **Payments made under section 137 of the 1972 LGA**

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

### **Council Procedures**

The Council appoints a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

- The Chairman of the meeting signs the last page of the minutes and initials all other pages.
- Decisions made should be within the Standing Orders and Financial Standing Regulations laid down and approved by the Council.
- The Council reviews its obligations and objectives and approves draft budgets for the following year at its November meeting. The January meeting of the Council then approves the level of precept for the following financial year.
- The Council receive a monthly financial statement which it approves at its Council meetings. Council will agree the receipts and payments made for each month.
- Payments are listed on the draft payment list presented to Council before payments are made. The Clerk/RFO may not authorise payments.
- At every meeting, bank reconciliation statements will be reconciled to the month-end bank statements and the Chairman of the Committee shall initial corresponding bank statements as evidence of this check.
- In April, the Council will ensure that the bank reconciliation for 31st March totals are reconciled to the year-end bank statement and the Chairman shall initial the corresponding bank statement as evidence of this check.

### **Clerk to the Council / Responsible Financial Officer**

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are maintained and adhered to. The Clerk is also the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances.

- The duties of the Clerk/RFO are laid down in a Job Description which is reviewed each year during the appraisal process
- The RFO submits all the requested information to the External Auditor by the required date.
- The RFO arranges for the public notices to be displayed
- The RFO will retain all relevant documents relating to the financial year for six years (Annual Return, VAT Returns, PAYE/NIC information, Public notices, Fixed Asset register, Risk assessments, accounts and supporting information).

### **Internal Auditor**

The Council appoints an independent Internal Auditor who will report to the Council on the adequacy of its records, procedures, systems, internal control, regulations, risk management and reviews.

- The effectiveness of the internal audit is reviewed annually and the Council agrees to the appointment of the Internal Auditor. The Internal Auditor, who is competent and independent, is advised of the scope of the work required by the Council.
- The scope of the work (and the charge) of the Internal Audit is reviewed annually and the review and the appointment is minuted.
- The Internal Audit will inspect the accounts at the end of the previous financial year and will complete the relevant Internal Audit page of the AGAR.

- The Internal Audit will write a separate report to the Council detailing any findings they might have. This report is then copied to all members of the Council and considered as an agenda item at the next Council meeting. Recommendations from the report will be recorded in the minutes.

### **External Auditor**

The Council's External Auditors, appointed by the Smaller Authorities' Audit Appointments Ltd, submit an External Auditor's Report, which is presented to the Council.