

Witley & Milford Parish Council

Statement of Internal Control and Annual Review of Effectiveness of the system of Internal Control

1. 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 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. Recommendation

- 2.1 That Full Council reviews and adopts the attached Statement of Internal Controls, ensuring the controls currently in place are effective.

The following statement of internal control was considered Witley & Milford Parish Council at its meeting of 18th May 2023 and approved by the council as a true statement of the course of events undertaken by the Clerk.

Signature of Chair: _____



Date: _____

18/5/23

Statement of Internal Control

Cash Book/Bank Reconciliations

- The cash book is kept electronically in the Edge accounting software, maintained up to date from original documents (cash received, invoices, payments(s/o) made and BACS payments/cheques as they are set up/prepared).
- Reconciled accounts are presented at each Full Council meeting for reference.
- Cash books are reviewed and approved by the Chair at each Parish Council meeting.
- Bank statements are reviewed by the Chair of F&GP three times per year.
- All the books of account and supporting records are reviewed and sample checked annually by the internal auditor.

Financial Regulations

- The Parish Council has adopted financial regulations, based on the model version prepared by NALC. The regulations are reviewed annually.
- 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.
- Official orders/letters are sent to suppliers for services which are not regular in nature.

Legal Powers

- A proper legal power is identified in advance of any expenditure, if applicable. NB. On 16th May 2019 Witley & Milford Parish Council has adopted the General Power of Competence.

Payment Controls

- Payments are listed in cheque number order in respect of cheques, and date order in respect of BACS payments, direct debits and standing orders, in the cash books and in accounts files.
- Payments made are attached to the agendas of each Full Council meeting.
- Original invoices are available to the Councillors signing the cheques or authorising BACS payments.
- Cheques will be signed by two councillors, who are authorised to sign on the council's bank mandate.
- BACS payments are set up by the Clerk. The Clerk are not authorised signatories. Every online bank payment is authorised by two councillor signatories. *+ Assistant Clerk.*
- A summary of each BACS payment is printed from the accounting software identifying which signatories approved the payment.
- A minimum of four members of the council are authorised to approve online bank payments. They cannot set up bank payments, only authorise them.
- A list of standing orders and direct debits will be reviewed annually by Full Council.
- The Clerk maintains control of the cheque book at all times.
- When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook. This is cross checked with the bank statements.
- When invoices are paid by online banking, they are cross checked with the bank statements.

Payments Made Under Section 137

- A separate s137 account is maintained.
- The Clerk calculates the maximum amount of s137 expenditure able to be made each year and ensures that it is not exceeded.

VAT Repayment Claims

- The Clerk ensures that all invoices are addressed to the Parish Council.
- The Clerk ensures that proper VAT invoices are received where VAT is payable.
- The Clerk maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

Income Controls

- The Clerk ensures that the precept received is in accordance with the request sent to the District Council.

- The Clerk ensures that other receipts are received when due and correctly calculated.
- Receipts are issued for cash received and a copy kept.
- Income is banked promptly.

Financial Reporting

- A Budget control, comparing actual Income and expenditure to the budget and the previous year is prepared monthly. 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 based on the budget by the deadline set by Waverley Borough Council.

Payroll Controls

- Staff are paid under PAYE as employees and the necessary system for HMRC RTI is in place.
- Staff's salaries are set by the Council and a minute is prepared to show the agreed salary.
- The Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

Office, Staff & Member Expenses

- Staff & Members submit requests for reimbursement of monies owing by way of invoice/expenses form, supported by evidence of expenditure.

Asset Control

- The Clerk maintains an asset register.
- The existence and condition of assets is checked annually by the appropriate officer.
- The adequacy of insurance of the Parish Council's assets is considered annually.

