**Stratfield Mortimer Parish Council**

**Statement of Internal Control**

**Review as to the effectiveness of the system of internal controls**

**Scope and Responsibility**

The Council is responsible for ensuring that business is conducted in accordance with the law and proper standards; and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively.

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council’s accountability framework is ‘risk’ based; proportionate to that risk and to the amounts of public money involved and to the stakeholders’ need for assurance.

**Purpose of the System of Internal Control**

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority’s policies, aims and objectives; and to evaluate and manage those risks accordingly.

**Review of Effectiveness**

An annual review is to be undertaken by the Finance and General Purposes Committee which reports directly to the Council; in addition, it is the responsibility of the Finance and General Purposes Committee to review the Risk Register/Tracker on an annual basis.

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| **Question** | **Answer** | **Recommendation for Action (if required)** | **Notes:** |
| Proper Accounting Practices |  |  |  |
| • Is the accounts software maintained and up to date? | Yes |  | Updates are included in the annual fee and Rialtas assist with updates as necessary. |
| • Is the accounts software arithmetically correct? | Yes |  | A Data Check ensures the Trail Balance and Nominal Ledger agree. |
| Standing Orders/ Financial Regulations Adopted and Applied and Payments Controls |  |  |  |
| • Has the council formally adopted standing orders and financial regulations? | Yes |  |  |
| • Has a Responsible Financial Officer been appointed with specific duties? | Yes |  |  |
| • Are items or services competitively purchased? | Yes, in general |  | Any case where it has not been possible to follow Financial Regulations is reported to F&GP |
| • Has VAT on payments been identified, recorded and reclaimed? | Yes |  | This is up to date as of the last VAT quarter – Jan – March, 2022. VAT refund was received on the 28th of April. |
| Risk Management Arrangements |  |  |  |
| • Are payments authorised by Council or in accordance with Financial Regulations? | Yes |  |  |
| • Do minutes record the Council carrying out an annual risk register/tracker assessment and review? | Yes |  | A more thorough review is currently being undertaken. |
| • Is insurance cover appropriate and adequate? | Yes |  |  |
| • Are internal financial controls documented and regularly reviewed? | A bank reconciliation review and internal control check is undertaken quarterly by councillors. |  |  |
| Budgetary Controls |  |  |  |
| • Has the Council prepared an annual budget in support of it precept? | Yes |  |  |
| • Is actual expenditure against the budget regularly reported to the Council? | Yes |  |  |
| • Are there any significant unexplained variances from budget? | No |  |  |
| Income Controls |  |  |  |
| • Is income properly recorded and promptly banked? | Yes |  | This is checked as part of the bank reconciliation. |
| • Does the precept recorded agree to the Council Tax authority’s notification? | Yes |  |  |
| • Are security controls relating to cash adequate and effective? | N/A |  |  |
| Payroll Controls |  |  |  |
| • Do all employees have contracts of employment with clear terms and conditions? | Yes |  |  |
| • Do salaries paid agree with those approved by the Council? | Yes |  | Monthly payroll is checked and signed by the Chairman |
| • Are other payments to employees reasonable and approved by the Council? | Yes |  |  |
| • Have PAYE/NIC been properly operated by the Council as an employer? | Yes |  |  |
| Asset Controls |  |  |  |
| • Does the council maintain a register of all material assets owned or in its care? | Yes |  |  |
| • Are the asset and investment registers up to date? | Yes |  |  |
| • Do asset insurance valuations agree with those in the asset register? | Yes – pillbox. |  |  |
| Bank Reconciliation |  |  |  |
| • Is there bank reconciliation for each account? | Yes |  |  |
| • Is bank reconciliation carried out regularly and in a timely fashion? | Yes, monthly |  |  |
| • Are there any unexplained balancing entries in any reconciliation? | No |  |  |
| • Is the value of investments held summarised on the reconciliation? | Yes |  | The bank account opening and closing balances always form part of the reconciliation. |
| Has the bank reconciliation statement for each account been checked and verified by a councillor, in accordance with Financial Regulations. | Yes |  |  |
| Year End Procedures |  |  |  |
| • Are year end accounts prepared on the correct accounting basis (Receipts and  Payments / Income and Expenditure)? | Yes |  |  |
| • Do accounts agree with the cashbook? | Yes |  |  |
| • Is there an audit trail from underlying financial records to the accounts? |  |  |  |

**General comments:**

Review conducted by the Finance and General Purposes Committee at the meeting on:

Date of next review:

**Signed …………………………………………………………. Dated …………………………………………………………….**

Chairman of meeting.