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 |  | Standing Orders were reviewed and adopted on the 08/09/2022. Financial Regulations were reviewed and adopted on 11/04/2024. |
| • 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 or a resolution to proceed is sought. |
| • Has VAT on payments been identified, recorded and reclaimed? | Yes |  | This is up to date as of the last VAT quarter – Jan – March, 2024. A VAT refund is expected. |
| 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 |  | The Governance and Management Risk Register was reviewed by F&GP and received by Full Council on the 11/04/2024. |
| • Is insurance cover appropriate and adequate? | Yes |  |  |
| • Are internal financial controls documented and regularly reviewed? | A quarterly bank reconciliation review and internal control check is undertaken 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 |  | No cash is handled. |
| 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 |  | Hours and additional hours worked are recorded on time sheets for the Custodian and Clerk respectively. Monthly payroll is checked 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 |  | The Asset Register for the FY 2023/24 was reviewed and received by Full Council on the 11/04/2024. |
| • Are the asset and investment registers up to date? | Yes |  | As above. |
| • Do asset insurance valuations agree with those in the asset register? | Yes |  |  |
| 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 |  | The year end accounts are prepared on an Income and Exependiture basis. |
| • Do accounts agree with the cashbook? | Yes |  |  |
| • Is there an audit trail from underlying financial records to the accounts? | Yes |  |  |

**General comments:**

Review conducted by the Finance and General Purposes Committee at the meeting on: 25/04/2024

Date of next review: April 2025

**Signed Dated** 25/04/2024

**Chairman of meeting**.