

## OXBOROUGH PARISH COUNCIL

### Statement of Internal Control and Annual Review of Effectiveness of Internal Control

#### 1.0 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 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.
- 1.4 A Statement of Internal Controls has been prepared and this is included following this report.

#### 2.0 RECOMMENDATION

- 2.1 That the Parish Council consider the attached Statement of Internal Controls, reviewing it to consider whether the controls currently in place are effective.

The following statement of internal control was considered by Oxborough Parish Council at Council Meeting on 13 March 2024 by the Clerk/RFO.

Signature of Chairman:

Date:13/3/2024

Revision	Date	Details
Rev A	23 Nov 2018	Initial Revision
Rev B	24 Feb 2021	i. changed building society book to bank statement ii. added ‘and any subsequent amendments’ to Legal Powers
Rev C	15 March 2023	i. Under Payroll Controls, remove the word Ladywell ii. Under Payment Controls (5 <sup>th</sup> point) change punctuation
Rev D	13 March 2024	i. Banking updated to show that five Councillors (changed from four) are signatories. ii. Updated Financial Regulations (to Rev D) iii. Sum insured for Speed indicator Device increased to £3175 iv. Cheque counterfoils to be initialised by cheque signatories

## **OXBOROUGH PARISH COUNCIL**

### **Statement of Internal Control and Annual Review of Effectiveness of Internal Control**

#### **Cash Book/Bank Reconciliations**

- The Receipts and Payments Ledger is maintained up to date from original documents (cash received, invoices, payments).
- The Receipts and Payments Ledger is reconciled to the bank annually.
- Reconciled accounts are presented at each AGM Parish Council meeting.
- The Receipts and Payments Ledger and bank reconciliation is reviewed and approved by members of the Parish Council, with reference to the underlying records (bank statement and minutes plus copies of accounts papers etc.) annually.
- The bank reconciliation is reported to the full Parish Council and minuted as such.
- The latest financial position and movements on the Parish Council's cash balances are available at each council meeting and can be traced back to the expenditure approved in the previous meeting via the expenditure lists.

#### **Financial Regulations**

- The Parish Council has adopted financial regulations at its Meeting held on 23 March 2016. The regulations are reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council.
- 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**

- The Parish Council uses its power under the Localism Act 2011, Section 1 - General Power of Competence Order 2012 and any subsequent amendments.

#### **Payment Controls**

- The RFO reviews the purchase invoice to check 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.
- Payments will be listed in payments order in the Receipts and Payments Ledger.
- Every payment has a unique sequential transaction number which is matched to the payment invoice and the corresponding transaction in the Receipts and Payments Ledger.
- All invoices for payment are listed and presented at the upcoming Ordinary Parish Meeting, except for invoices/accounts with a total value of £100 or less. The expenditure is to be authorised for payment.
- Payments made are listed within Correspondence Received & reported in the minutes of the meeting.
- Original invoices are available to the Councillors signing the cheques.
- Cheques require two signatories, either Councillors or the Clerk, who are authorised to sign on the council's bank mandate.
- The Clerk has an online banking system in place, for the purpose of viewing statements.
- All invoices are paid by cheque (TSB Bank).

### **VAT Repayment Claims**

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

### **Income Controls**

- The RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council.
- The RFO ensures that the precept installments are received when due.
- The RFO ensures that other receipts (deposit interest, allotment and land rents) are received when due and correctly calculated.
- Receipts are issued for cash/cheques received. Receipt numbers are recorded against payments.
- Income is banked promptly.

### **Financial Reporting**

A Budget control, comparing actual receipts and payments to the budget and the previous year is prepared annually, presented to the Parish Council in advance of the January meeting and minuted.

- 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 on the basis of the budget by the deadline set by Breckland District Council.
- The accounts are reported against the budget quarterly.

### **Payroll Controls**

- The Clerk is paid under PAYE as an employee - this is administered by the Accountants.
- The salary is paid by cheque.
- The Clerk will ensure that the necessary payroll return is made to HMRC and will retain evidence that this has been done.

### **Office and Clerk's Expenses**

- The clerk submits a request for reimbursement of monies owing by way of an expense account, in advance of the meeting held in March.
- Expenses are paid by cheque and the expense sheet treated as an invoice for accounting purposes.

### **Asset Control**

- The RFO maintains a full asset register- this is listed on the website under Transparency Code.
- The existence and condition of assets is checked on an annual basis by members of the Parish Council.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.