

# BILBROOK 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 per 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 Personnel Committee which reports directly to Council; in addition, it is the responsibility of the committee to review the Risk Assessment annually.

Question	Answer	Recommendation for Action (if required)	Notes:
<b>Proper Book-keeping</b>			
• Is the cashbook maintained and up to date?	Yes – Done monthly in Edge Accounting Software (EAS) & print out used for payment approvals	None	
• Is the cashbook arithmetically correct?	Yes - calculated by EAS	None	
• Is the cashbook regularly balanced?	Yes – Automatically done in EAS when the bank accounts are reconciled each month.	None	
<b>Standing orders/ financial regulations adopted and applied. Payments controls</b>			
• Has the council formally adopted standing orders and financial regulations?	Yes - NALC Standing Orders & Financial regulations amended for Bilbrook Parish Council and adopted. Reviewed annually at the annual meeting of the Parish Council and as and when changes are required.	Review at September Meeting to reflect the recent change made by NALC to the model standing orders.	
• Has a Responsible Financial Officer been appointed with specific duties?	Yes – The clerk is the RFO		
• Are items or services competitively purchased?	Yes – three quotes obtained where possible.		
• Has VAT on payments been identified, recorded and reclaimed?	Yes – recorded each month. Reclaimed annually in arrears.		
<b>Risk management arrangements</b>			
• Are payments authorised by Council?	Yes - Most expenditure large one-off expenditure if approved by the		

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<b>Question</b>	<b>Answer</b>	<b>Recommendation for Action (if required)</b>	<b>Notes:</b>
• Do minutes record the Council carrying out an annual risk assessment?	Yes – The risk assessment was last reviewed in Sept 2020 and recorded in the minutes of the Full Council Meeting		
• Is insurance cover appropriate and adequate?	Yes- It is checked annually at renewal time and updated when any fixed assets are purchased.		
• Are internal financial controls documented and regularly reviewed?	Yes- The financial regulations are reviewed annually as and when required. The checking of the bank reconciliation by a councillor is recorded in the minutes of the following Full Council Meeting,		
<b>Budgetary controls</b>			
• Has the Council prepared an annual budget in support of its precept?	Yes – a detailed spreadsheet is completed.		
• Is actual expenditure against the budget regularly reported to the Council?	Yes – a summary is presented to the full council each month. A detailed comparison report is presented to the Finance & Personnel Committee.		
• Are there any significant unexplained variances from the budget?	Yes – As and when this occurs		
<b>Income controls</b>			
• Is income properly recorded and promptly banked?	Yes – the majority of income is received directly into the bank.		
• Does the precept recorded agree to the Council Tax authority's notification?	Yes – The Clerk confirms this with the South Staffs District Council Revenues Team Manager		
• Are security controls relating to cash adequate and effective?	Yes – petty cash is locked in a tin and kept in the office safe.		
<b>Petty cash procedures</b>			
• Is all petty cash spent, recorded and supported by VAT invoices/receipts?	Yes – All payments are supported by receipts. In the event of a receipt being lost, two councillors will undertake a check to see that the goods/services have been paid for and the amount reasonable.		
• Is petty cash expenditure reported to each Council meeting?	Yes – at the meeting following its top-up.		
• Is petty cash reimbursement carried out regularly?	Yes – As and when receipts are received.		

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<b>Question</b>	<b>Answer</b>	<b>Recommendation for Action (if required)</b>	<b>Notes:</b>
<b>Payroll controls</b>			
• Do all employees have contracts of employment with clear terms and conditions?	Yes – All employees have a letter of appointment with clear terms and conditions. The Clerk has the NALC model contract.		
• Do salaries paid agree to those approved by the Council?	Yes – Although the Council approves salaries after they have been paid		
• Are other payments to employees reasonable and approved by the Council?	Yes – A list of payments is presented to the Council at each meeting.		
• Have PAYE/NIC been properly operated by the Council as an employer?	Yes – The Council used HMRC Basic Tools Software which calculates the PAYE/NIC.		
<b>Asset controls</b>			
• Does the council maintain a register of all material assets owned or in its care?	Yes- It is kept in EAS and a hard copy is kept in a file in the office.		
• Are the asset and the investment registers up to date?	Yes – All items are added when the invoice is received. The Council does not have investments.		
• Do asset insurance valuations agree with those in the asset register?	Yes – They are reconciled when the insurance is renewed.		
<b>Bank reconciliation</b>			
• Is there bank reconciliation for each account?	Yes – For all bank accounts, petty cash and the Equals pre-payment card		
• Is bank reconciliation carried out regularly and in a timely fashion?	Yes – monthly.		
• Are there any unexplained balancing entries in any reconciliation?	No – All entries are reconciled.		
• Is the value of investments held summarised on the reconciliation?	N/A – No investments other than bank accounts.		
Has the bank reconciliation statement for each account been checked and verified by a Cllr, under financial regulations?	Yes – This is done each month and reported at the next Parish Council Meeting, recorded in the minutes and the reconciliation attached as an appendix to the minutes.		

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<b>Question</b>	<b>Answer</b>	<b>Recommendation for Action (if required)</b>	<b>Notes:</b>
<b>Year-end procedures</b>			
• Are year-end accounts prepared on the correct accounting basis (Receipts and Payments / Income and Expenditure)?	Yes – Receipts and Payments	None	
• Do accounts agree with the cashbook?	Yes – All done automatically within EAS.		
• Is there an audit trail from underlying financial records to the accounts?	Yes – Transaction numbers on the document can be matched to the transactions in EEAS		

This policy will be reviewed annually by the Parish Council following a check by members of the Finance and Personnel committee.