

Control Procedures

As approved at the Parish council meeting of 21 May 2018.
Minute Ref: 34/18

Background

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

The Council meets its public accountability and reporting duties by completing a single document, the annual return, which is published each year by the Audit Commission (the Commission).

Members and officers are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources in their care. These arrangements have to be reported in the published Annual Governance Statement which forms part of the Annual Return.

Annual Governance Statement

This contains 8 statements as follows:

1. *We have put in place arrangements for effective financial management during the year, and for the preparation of the account statements.*

Through the act of formally approving the accounts the council asserts that it has prepared those accounts in the way prescribed by law and in accordance with proper practices

2. *We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption **and** reviewed its effectiveness.*

This second statement covers the council's responsibility to ensure that its affairs are managed in accordance with proper standards of financial conduct and arrangements exist to prevent and detect fraud and corruption. The council also asserts that it has tested those arrangements at least once in the year to ensure they are working in an adequate and effective way.

3. *We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.*

The third statement confirms that the council has only done things that it has the legal power to do.

4. *We have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.*

This fourth statement confirms that the council has during the year allowed all persons who may be interested the opportunity to exercise their rights to inspect and ask questions about the council's accounts.

5. *We carried out an assessment of the risks facing this smaller authority council **and** took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.*
6. *We maintained throughout the year an adequate and effective system of internal audit of accounting records and control systems.*
7. *We took appropriate action on all matters raised in reports from internal and external audit.*

The fifth, sixth and seventh representations cover the council's responsibility to develop, implement and regularly monitor the effectiveness of its systems of internal control covering:

- the overall control environment, including internal audit;
- the identification, evaluation and management of operational and financial risks;
- budgetary control and monitoring arrangements; and
- the documentation and application of control procedures

8. *We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority **and**, where appropriate have included them in the statement of accounts.*

This statement provides assurance that the council has considered and disclosed in the annual return all matters relevant to its business, including any relevant events which have taken place in the period between the end of the financial year being reported and the date of the annual return, which could have an impact on its ability to continue its work.

Control Procedures

1. Financial Controls

Finance System

- Council uses the RBS Omega Accounting Software and the associated bookings package which are parish council specific
- Each month is closed off within 5 working days of month end.

Payments

- Clerk/RFO prepares payments but is not a signatory
- 2 signatories are required for each cheque payment
- Minimise the use of cheques
- Online banking: Chair has user login and password. No payments released unless authorised by another elected member and cross-checked.
- Payee details on online banking are checked randomly by members
- All invoices are countersigned by an elected member
- Standing order and direct debit mandates require 2 signatories
- Once payments signed off they are entered into accounts system within 2 working day.

Income

- Precept application is signed by chairman and 2 other members
- Clerk checks and reports receipt of the precept
- Online tennis booking system produces an audit trail – bookings matched up with Paypal receipts
- Information from booking system & online system are checked regularly by the bookings officer.
- Booking system generates invoices – sent out in advance.
- Debts chased after 1 month.
- Debts can only be written off with approval by council or RFO if below £250.
- Online payment is encouraged.

Banking

- All cheque and cash receipts are banked at end of working week latest
- Bank accounts reconciled at end of each month
- Reconciliation is reviewed at council meeting
- Monthly transfer made from Paypal account to bank account equal to net receipts for month.
- Paypal account reconciled to bookings each month

Reporting

- Income and Expenditure report is reviewed at each council meeting
- Bank reconciliation is reviewed and approved at each meeting incl. PayPal reconciliation
- Payments are reviewed at each meeting

Cash

- No petty cash
- No cash held on the premises.
- There is a safe for overnight storage if required.

Investments

- Treasury policy to diversify risk
- Funds held with at least 2 financial institutions.

2. Budgetary Controls

- The budget is set annually in December/January to tie in with the precept return to the district council. The budget setting process starts in November
- The council carries out monthly reviews and revisits the forecast as appropriate (at least after 6 months).
- The council receive monthly Income and Expenditure statements to keep track of performance throughout the year

3. Procurement Controls

- The Clerk has a £500 limit to authorise spending of budgeted ad hoc supplies of goods or services and £1,000 limit where there is a risk to the delivery of council services.
- Where items of ad hoc or emergency expenditure are unbudgeted or exceed the limits, email approval must be sought from the majority of councillors and ratification received at the next council meeting.
- Where contracts are to be entered into with a value in excess of £60,000, the Clerk will invite tenders from a minimum of 3 companies in line with financial regulations.
- For contracts less than £60k but exceeding £10,000 the clerk shall obtain 3 quotations where the value is between £500 and £10,000, the Clerk shall strive to obtain 3 estimates.
- Procurement procedures follow the model guidance as laid down in the Council's financial regulations.
- The council will take advantage of bulk discounts obtained by larger organisations where appropriate
- Have a call off contract for general building maintenance. This is reviewed annually for competitiveness/value for money.
- Members and officers will declare any interests to illustrate that no one is benefitting from using certain suppliers.

4. Compliance Controls

Payroll

- Use approved payroll software to calculate tax, NI and formulate annual returns
- Compliance checked by internal audit and randomly checked by members during year
- All payroll signed off by 2 elected members
- Annual returns reported to council
- Non-managerial staff if employed complete monthly timesheets which are checked by line manager and approved by Clerk

VAT

- VAT returns calculated by accounting software
- Records kept for audit
- All returns reported once submitted
- Quarterly analysis of expenditure to monitor compliance with VAT rates

Legal

- Executive officer is the proper officer
- Advice sought as required from HALC, NALC & SLCC who also publish regular updates

- Executive Officer attends regular courses/updates

5. Internal Audit

- Service reviewed regularly and auditor appointed annually
- Always use an approved and recommended auditor
- Scope of audit as defined in Governance and Finance for Local Councils
- Interim audit to be carried out prior to year end

6. Security – Asset protection

- Full insurance from recommended body is reviewed annually
- Physical building security is reviewed annually
- Access is restricted by Key Policy – reviewed annually
- All records held in locked rooms to which only appropriate staff has access
- Paper records held in locked cabinets
- No cash is held on the premises – safe in office if required
- External assets are checked weekly by competent persons
- Ensure compliance with all statutory requirements on the safety of assets
- Asset register kept up to date and reviewed quarterly by officers and annually by council
- Off-site daily back-up for computers.
- All computer access is password controlled and access limited to authorised users
- Anti-virus software is maintained at all times.

7. Procedures

Annual reviews carried out to the following:

- Standing Orders
- Financial Regulations
- Risk Register
- Asset Register
- Key Policy
- Control Procedures

All other policies and procedures are reviewed and updated every 4 years or as necessary