

GREAT GLEMHAM PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL & ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

Accounts and Audit Regulations impose a duty on a local council to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control". Great Glemham Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

THE INTERNAL CONTROL ENVIRONMENT

The Council:

The council reviews its obligations and objectives and approves budgets for the following year at its penultimate meeting in the Financial Year (approx. December) At this meeting, the council approves the level of precept for the following financial year.

The council meets quarterly and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Clerk.

The council carries out regular reviews of its internal controls, systems and procedures. See table below.

Clerk /Responsible Financial Officer:

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for advising on the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

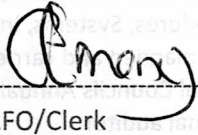
Risk Assessments/Risk Management:

The council reviews its risk assessment annually and regularly reviews its systems and controls.

REVIEW OF EFFECTIVENESS

The council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council, which should also approve the Statement of Internal Control.


Chairman


RFO/Clerk

Reviewed for approval by Great Glemham Parish Council on 1 March 2022

Next Review date Feb 23.

STATEMENT OF INTERNAL CONTROL

CASH BOOK / BANK RECONCILIATIONS	The cash book is kept electronically in spreadsheet format, and kept up to date from original documents – receipts, invoices, payments. The cash book is reconciled to the bank statement in preparation of every Parish Council meeting. A bank reconciliation is presented quarterly at Parish Council meetings. The balances reported can be traced back to the expenditure approved in the previous meeting via the minutes. The cash book, bank statements, bank reconciliation and payments and receipts are reviewed at each meeting of the Parish Council on a rotation basis.
FINANCIAL REGULATIONS	The Parish Council has adopted Financial Regulations based on the NALC model. The regulations are reviewed for continued relevance and amended where necessary via approval by the Parish Council.
ORDER/TENDER CONTROL	Financial Regulations refer for procedures relating to tenders.
LEGAL POWER	A proper legal power is identified for each expenditure.
PAYMENT CONTROLS	The Parish Council implemented Internet Banking in 2020 – see the approved Internet Banking Statement. All payments are reported to the council for approval and subsequently listed in the minutes of the meeting. The Clerk is paid monthly by BACS, detailed at each PC meeting. 2 members of the council must sign every Schedule of Payments prior to any payment being made. Where cheques are issued, the signatories should consider each cheque against the relevant invoice, sign the invoice and initial the cheque counterfoil. BACS payments are detailed on a Monthly Schedule of Payments presented for approval & signing. All authorised cheque signatories are members of the Council. No officer of the Council can sign cheques i.e. the Clerk / RFO. The Clerk maintains control of the cheque book at all times. Payments will only be issued and approved in Council meetings. Where urgent payment is required, a payment can be made provided it is a regular payment such as salary, subscriptions, insurance etc or the payment is due before the next meeting of the Parish Council. The minute number of the minute authorising payment and the cheque number are recorded on the electronic cash book.
PAYMENTS MADE UNDER SECTION 137 of the LGA 1972	A separate record of s137 payments is kept. The Clerk calculates the maximum amount of s137 expenditure able to be made each year and ensures it is not exceeded. The proper minute authorising expenditure from s137 is prepared on each occasion.
VAT RECLAIMS	The Clerk ensures that all invoices are addressed to the Parish Council. The Clerk maintains a VAT account & ensures that the correct amount of VAT is reclaimed in the year.
INCOME CONTROLS	All income is received and banked in the council's name in a timely manner and reported to the council. The Clerk ensures that the precept sum received is correct in accordance with the precept request sent to the District Council. The Clerk ensures the precept instalments are received on time.
FINANCIAL REPORTING	A budget control, comparing actual receipts and payments to the budget is prepared and presented to the Council with each financial report and bank reconciliation.
BUDGETARY CONTROLS	The budget is prepared in consultation with the full Council, as evidenced by reports and minutes in advance of the start of the financial year. The Precept request is submitted by the deadline dictated by the District Council.
PAYROLL CONTROLS	The Clerk is paid under PAYE as an employee of the Council and the necessary system for making payments to HMRC is in place. The Clerk's salary is set by the Council and is subject to review annually. A separate record is maintained with the agreed rate of pay. The Clerk ensures that the necessary payroll returns are made to HMRC and retains 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 sheet in advance of the meeting and detailed on the agenda. The expenses cover a contribution towards the cost of maintaining an office at the Clerk's home and any out of pocket expenses as well as travel expenses as laid down by the joint SLCC/NALC guidelines. The expense sheet is treated as an invoice for accounting purposes.
ASSET CONTROL	The Clerk maintains the full asset register. The existence and conditions of assets is checked on annual basis by the Parish Council. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.
INTERNAL AUDIT	The council annually appoints an independent internal auditor who provides a full report to the council on Records, Procedures, Systems, Internal control, Regulations, Risk management. The internal auditor will have planned and carried out the work necessary to give the assurances called for in Section 4 of the Local Councils Annual Return. The Parish Council annually reviews the scope of work offered by the internal auditor.
EXTERNAL AUDIT	The Council submits an annual return to the external auditor appointed by the Audit Commission in a timely manner. This process was reviewed by the Audit Commission in 2018. At the time of adoption, Great Glemham can self-certify a Certificate of Exemption due to the income falling below the £25K threshold for a fuller external audit.
COMMUNITY INFRASTRUCTURE PAYMENTS	The Clerk prepares an accounting statement for receipt of CIL payments when these are received, as outlined in the District Council guidance. Receipt of payments will be recorded at Parish Council meetings (and in minutes) and due regard will be given to appropriate spending of CIL monies.