INTERNAL CONTROLS

Adopted by Council on 27 May 2021.

Re-draft following testing in August 2021 (Version 5)

INTERNAL CONTROLS

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1. Introduction

The Council is required to undertake a review of the effectiveness of the internal controls in each Parish Council year. It is important to note that this is not a matter for delegation to the Clerk and this review will be presented to Council each year for approval and re-adoption.

Under the Financial Regulations the Parish Council is responsible in law for ensuring that its financial management is adequate and effective and that the Parish Council has a sound system of internal control in accordance with proper practices, which facilities the effective exercise of the council's functions, including arrangements for the management of risk.

The set of internal controls demonstrate how the Parish Council meets these responsibilities and requirements.

A summary of achievements and any areas for development are listed within each notes area.
(Actions Required are in Red)

Internal Review

2.Area of Review: Regulatory Documents

Test	Minute No.	Notes
Minute Reference of review and adoption of Standing Orders	C21/22.015	Council Meeting 27 May 2021
Minute Reference of review of and adoption of Financial Regulations	C21/22.016	Council Meeting 27 May 2021
Minute Reference of review of 2020/21 Internal Audit Report	C21/22.012	Council Meeting 27 May 2021
Minute Reference of adoption of Annual Governance and Accounting Return (AGAR) Section 1: Governance Statement	C21/22.013.1	Council Meeting 27 May 2021
Minute Reference of adoption of AGAR Section 2: Accounting Statement	C21/22.013.2	Council Meeting 27 May 2021
Minute Reference of Approval of Internal Audit Certificate	C21/22.013.3	Council Meeting 27 May 2021
Minute Reference of Approved Notice of Electors Rights	C21/22.013.4	Council Meeting 27 May 2021
Minute Reference of adoption of annual budget	C20/21.076	Council Meeting 17 December 2020
Minute Reference of review of annual fees and charges	C20/21.064.3	Council Meeting 26 November 2020
Minute Reference of Adoption of Asset Register	C21/22.017	Council Meeting 27 May 2021. **Insurance re-build values to be updated.**
Minute Reference of assessment of significant risks and review of arrangements to manage these	C21/22.025	Council Meeting 27 May 2021 – with reference to more work to be done by Finance & Governance Committee. **Review of Emergency Plan by 31 October 2021.**
Appropriate Insurances are in place to cover risks	C21/22.036	Council Meeting 24 June 2021 Insurance Renewal Date 31 May 2022
The Register of Member's Interests are kept up to date and signed declaration of acceptance of office are on file	YES	Signed copies on file for all Cllrs of Declaration of Acceptance of Office and Register of Interests. **Reminder email to Cllrs to check their latest version via the website by 30 Sept.**

Date review carried out: 26 August 2021

By: Cllr Duncan Ranger, Vice Chair of Finance & Governance Committee

Signed:

Internal Review

3.Area of Review: Income Controls

Test	Inspection 1	Inspection 2
A) Confirm the F&G Committee records monthly checks of payments, receipts, bank recs, balance sheet and accurate coding of income and expenditure.	YES	
B) Ensure that precept is received on time and is the amount agreed in the budget.	1st Paid into the Bank on 30.04.21	Expected 30.09.21
C) Ensure that rents from the Bowling Club, Tennis Club, Pre-School, Chantry Stables and Allotments are received and banked regularly.	YES. Invoices prepared and sent on time.	
D) Ensure bank interest is banked and coded correctly.	YES	
E) Ensure sales invoices are correctly made out and VAT accounted for where applicable.	YES	
F) Ensure monies received meet invoices raised and are banked properly.	YES	
G) Ensure receipts are properly recorded in the cash book.	YES	
H) Ensure controls are in place to keep debts to a minimum especially at end of financial year.	Accrual process in place.	
I) Ensure that more than one person is present when significant amounts of cash over £300 are received and counted.	**TO BE ACTIONED WHEN APPLICABLE**	
J) Ensure receipts are issued for cash receipts over £10.	**NEW PROCESS IN PLACE**	

Date review carried out: 26 August 2021

By: Cllr Duncan Ranger, Vice Chair of Finance & Governance Committee

Signed:

Internal Review

4.Area of Review: Payment Controls

Test	Invoice 1	Invoice 2	Invoice 3
Payee	K E Smith	J Lee Trees	Tech Quarters
Amount	£40.00	£330.00	£193.90
Date	09.07.21	28.07.21	01.07.21
A) Check that payment authority has been recorded or minuted.	YES	EF20/21.052	CE 28.11.19: CE19.068 & then SP&RP 14.4.20: 3.3
B) Check that the Works or Purchase Order issued agrees with the authorisation.	NA	WO 47.20/21	NA
C) Check that invoice being paid corresponds with the Works or Purchase Order.	NA Deposit Refund	YES	YES
D) Check that the works or good provided have been received for the invoice being paid.	YES	YES	YES
E) Check that invoice has been entered correctly on the RBS system, including any VAT.	YES	YES	YES
F) Check that payment is within reasonable time period as per the payment terms.	YES	YES	YES
G) Confirm payment has gone through the bank.	YES (BACS)	YES (BACS)	YES (DD)
H) If not in current month, is it allowed for on the bank reconciliation report.	NA	NA	NA

Date review carried out: 26 August 2021

By: Cllr Duncan Ranger, Vice Chair of Finance & Governance Committee

Signed:

Internal Review

5.Area of Review: Payroll

Test	Inspection 1	Inspection 2
A) Are all employees in payroll system? (Check there are no ghost employees.)	**YES**	
B) Do all employees have contracts of employment?	**YES**	
C) Are salaries and councillor allowances prepared correctly?	**YES (By WSCC)**	
D) Are National Insurance and PAYE deductions made correctly?	**YES**	
E) Are Payroll records being kept correctly?	**YES**	
F) Whether P45's for leavers, are filed correctly?	**YES**	
G) Whether P60's (End of Year Tax Certificate) are issued annually?	**YES**	
H) Are all employees in the Local Government Pension Scheme or National Employment Savings Trust (NEST) if applicable? And if not is there written evidence of their opting out?	**YES**	
I) Are Pension contribution rates (Employee & Employer) applied correctly by WSCC?	**To be checked via WSCC.**	
J) Are correct payments made to Pension Authority by WSCC?	**To be checked via WSCC.**	
K) Are annual pay awards advised in writing?	**YES**	

Date review carried out: 31 August 2021

By: Cllr Duncan Ranger, Vice Chair of Finance & Governance Committee

Signed:

Internal Review

6.Area of Review: Petty Cash

Test	Y/N	Notes
A) Is Petty Cash kept securely?	**YES**	Petty cash tin kept in locked safe.
B) Ensure petty cash vouchers are correctly authorised and within budget limits.	**YES**	
C) No more than £1,000 cash is kept in the safe at any one time.	**YES**	
C) Ensure VAT and addition is correct on voucher.	**YES**	Requirement for coding purposes.
D) Ensure Petty Cash is reimbursed correctly.	**YES**	
E) Ensure vouchers are entered correctly in cash book.	**YES**	
F) Ensure Petty Cash is reconciled every quarter.	**NO**	Requirement to introduce imprest account process.

Date review carried out: 31 August 2021

By: Cllr Duncan Ranger, Vice Chair of Finance & Governance Committee

Signed:

Internal Review

7.Area of Review: Fidelity Protection

Test	Y/N	Notes
A) Do professional auditors audit the accounts every six months?	**YES**	Currently Mulberry & Co.
B) Are satisfactory references obtained from all former employers during the recruitment process?	**YES**	
C) Have there been any questions raised about the honesty of an employee?	**NO**	
D) Has the Council appointed a competent person as Responsible Finance Officer?	**YES**	The Clerk is CiLCA qualified (Certificate in Local Council Administration)
E) Are bank statements, payments and receipts checked at least monthly against the RBS system?	**YES**	Checked by the Finance & Governance Committee each month and signed by the Vice-Chair.
F) Are cheques and cash paid into the bank at least monthly?	**YES**	
G) If cheques are issued, are they signed by at least two councillors.	**YES**	
H) Are two employees required to authorise BACS payments?	**YES**	
I) Has Council approved all Direct Debit authorisation?		**TO BE CHECKED**
J) Has the computer security been vetted by a professional company?	**YES**	
K) Are users required to keep passwords secure at all times?	**YES**	

Date review carried out:

By:

Signed:

Internal Review

8.Area of Review: VAT Controls

Test	Y/N	Notes
A) Are VAT records properly maintained?	**YES**	
B) Are VAT forms submitted correctly each quarter?	**YES**	
D) Is VAT income paid correctly and on time?	**YES**	

Date review carried out: 31 August 2021

By: Cllr Duncan Ranger, Vice Chair of Finance & Governance Committee

Signed: