

Eversley Parish Council Control Procedures

**As approved at the Parish council meeting of 6th February 2018.
Minute number 155**

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 approved the statement of accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.*

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 have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the council 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.

5. *We have carried out an assessment of the risks facing the council **and** taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.*
6. *We have maintained throughout the year an adequate and effective system of internal audit of the council's accounting records and control systems **and** carried out a review of its effectiveness.*
7. *We have taken 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 have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the council **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.

This document combined with the council's risk register covers the requirements under at least 4 of the statements listed above.

Control Procedures

1. Financial Controls

Payments

- Clerk/RFO prepares payments. A minimum of 2 Councillors will be signatories.
- 2 signatories are required for each payment
- Standing order and direct debit mandates require 2 signatories (currently have none)

- Once payments signed off they are entered into accounts system within 1 working day.

Income

- Precept application is signed by chairman and 2 other members
- Clerk checks and reports receipt of the precept
- Debts chased after 1 month.
- Debts can only be written off with approval by chairman and RFO

Banking

- All cheque and cash receipts are banked at end of working week
- Bank accounts reconciled at end of each month
- Reconciliation is signed off at council meeting

Finance System

- Council uses Excel Software. There is a relatively low number of transactions each month.
- Each month is closed off within 2 working days of month end.

Reporting

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

Cash

- No petty cash
- No cash held on the premises –any received is banked immediately

2. Budgetary Controls

- The budget is set annually in December to tie in with the precept return to the district council. The budget setting process starts in October
- The council carries out quarterly reviews and revisits the forecast as appropriate
- The council receive monthly Receipts and Payments 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.
- Where contracts are to be entered into with a value in excess of £25,000, the Clerk will invite tenders from a minimum of 3 companies.
- For contracts less than £25k but exceeding £5,000 the clerk shall obtain 3 quotations where the value is between £100 and £5,000, 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
- Limit of 4 years on any contract so as not to encumber newly elected council
- Members and officers will declare any interests to illustrate that no one is benefitting from using certain suppliers.

4. Compliance Controls

Payroll

- Use HMRC online software to calculate tax, NI and formulate annual returns
- Compliance checked by internal audit
- All payroll payments signed off by 2 signatories
- Annual returns reported to council

VAT

- VAT returns calculated by Excel
- Records kept for audit
- All returns reported once submitted

5. Internal Audit

- Service reviewed and auditor appointed annually
- Always use an approved and recommended auditor
- Scope of audit as defined in Governance and Finance for Local Councils

6. Security – Asset protection

- Full insurance from recommended body is reviewed annually
- Paper records held in cabinets
- No cash is held on the premises
- External assets are checked by competent persons
- Ensure compliance with all statutory requirements on the safety of assets
- Asset register kept up to date and reviewed quarterly by Clerk and annually by council
- Computers are backed up monthly on external drive
- 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
- Control Procedures

All other policies and procedures are reviewed and updated every 2 years or as necessary