



# WINTERTON-ON-SEA PARISH COUNCIL

## Statement of Internal Control

**Accounts and Audit Regulations 2003:** state that the relevant body (in this case the Parish Council) shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions, and which includes arrangements for the management of risk. The relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control.

**Internal Control:** The system of internal control is designed to reduce the financial risk of the Parish Council to an acceptable level.

**Legal Powers:** The Parish Council recognises it cannot use the Localism Act 2011, Section 1 – General Power of Competence Order 2012 – as it has previously, and thus ensures that all use of public funds and council functions are undertaken using the powers it may use to benefit residents. This is overseen by the Chair of Council together with the Parish Clerk and the RFO.

**Financial Management:** The Parish Council has approved a set of Financial Regulations which set out the way that Council's finances are to be managed. These are reviewed and approved annually, are based upon NGA model Financial Regulations but adapted for electronic cash book and banking practices. All councillors understand their collective responsibilities and obligations in managing public funds which are described in the Standing Orders, Financial Regulations and Councillors' Code of Conduct. Full Council must approve all expenditure either via budget allocations, minuted approval of Finance Committee recommendations, regular payments and/or list of payments presented to the meeting (see below).

**Finance Committee:** There is a Finance Committee of at least 4 councillors with a Chair of Finance and a regularly reviewed Terms of Reference. Finance Committee meetings are every quarter, more often if needed, are open to members of the public and conduct internal checks and balances of financial management, accounts-to-date and the budget to produce reports for and recommendations to full council meetings. The Finance Committee cannot authorise expenditure, only recommend, but the Chair of Finance has some authority as described in Financial Regulations (see also Emergencies below). The Chair of the Finance Committee may be the RFO. Before January of each year, the Finance Committee reviews the Council's budget in detail and makes a recommendation to the full Council for the precept for the forthcoming year.

**Responsible Financial Officer:** The Responsible Financial Officer (RFO) is responsible for the day-to-day financial management of the Council. The duties of the Responsible Financial Officer are reviewed and approved annually and detailed in Financial Regulations. If not the Parish Clerk, it is incumbent upon the RFO to work closely with the Parish Clerk to ensure neither makes decisions in isolation and all financial transactions are auditable with approval.

**Cash Book/Bank Reconciliations** The cash book is kept electronically using Scribe Accounting Software, maintained up to date from original documents (monies received, invoices, BACS payments and direct debits made and cheques as they are prepared) and includes transaction level approvals and comments. The latest financial position of the Parish Council's cash balances is regularly reported and can be traced back to the payments and receipts approved in the previous meeting. The cash book is reconciled to the bank statement monthly.

A summary report of budget against actual expenditure and income is presented to every Finance Committee meeting, and regularly to full Parish Council meetings for examination, and minuted as such. The bank reconciliation is reported to every Finance committee meeting, and regularly to full Parish Council meetings for examination, and minuted as such in accordance with the Financial Regulations,

**Payments:** All payments to be made are recorded on Scribe by the Parish Clerk and reported to Council at the next meeting, with the invoices made available for further inspection. A councillor who is not a bank signatory shall check these payments to the bank statements on a quarterly basis. This check shall be reported to and audited by each Finance Committee and to the subsequent Full Council meeting. The Parish Clerk is not authorised to make third-party payments from any bank account, but is responsible for raising the payments to be made on the bank account and may – with, or as the RFO – transfer funds between the bank accounts.

The list of online payments to be agreed at a meeting will be available for inspection together with the supporting documentation/invoices. A councillor who is not a bank signatory shall review these documents together with the bank reconciliations at least once per quarter. They will sign or email the RFO as evidence of this check.

At least once per year, the RFO will send evidence of the balances in all the Council's accounts to a councillor who is not a bank signatory who shall sign or email the RFO as evidence of this check. This check shall be reported to and audited by the next Finance Committee and/or the next Full Council meeting.

**Bank Mandate/ Signatories:** Two councillors from three who are named signatories must sign (authorise via identified login if electronic) to agree all cheques and online payments. The payment signatory shall check the supporting document at the time of signing, to ensure that the cheque or online payment agrees with the amount of the invoice and the payee named on the invoice. If used, the cheque stub should also be initialled to record that the name on the cheque stub is the same as that on the cheque. Financial documents to be published or audited should be signed by the RFO and the Chair of the council or the Chair of Finance or their properly appointed delegate.

**Emergencies:** In the event of an emergency where it is not possible to hold a council meeting, or where payments need to be made before a meeting, the RFO or the Chair of Finance or the Chair of the Council shall have the delegated authority to authorise all payments that are due, where the expenditure has already been authorised by the Council either specifically or through budget allocations. Emergency processes are detailed in the Financial Regulations and in Standing Orders.

**Payroll Controls:** Employees are paid under PAYE as an employee and the necessary system for HMRC RTI is in place which calculates amounts due to HMRC and pension payments. Salaries are set as per contract, any additional hours require authorisation from the personnel committee. All salaries are paid by BACS in the monthly approved payment method. The Clerk ensures that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

**Office, Clerk & Councillor Expenses:** requests for reimbursement of monies owed are made by emailed invoice to the council. Only items covered by budget approval may be claimed as expenses. Expenses are paid by BACs following the monthly approved payment method.

**Asset Control:** The RFO maintains a full asset register. The existence and condition of assets is checked annually by members of the Parish Council to be approved by full council. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal by the Finance Committee which makes recommendations for full Council approval.

**Internal audit:** The Council appoints an independent and competent internal auditor (reviewed annually) to undertake an annual review of the effectiveness of the internal controls. The appointee is named in the Council's minutes. The auditor will send a report to the RFO and the Proper Officer (if not the same person) for circulation to Finance Committee and full Council to report their findings.

This also completes Section 4 of the Annual Return. Any guidance or issues raised by an internal auditor will be examined by the Finance Committee for recommendation to full Council. The internal audit report will be available for inspection and retained according to council record-keeping controls, not less than 8 years.

**External audit:** The Council's external auditors are currently PKF. They complete Section 3 of the Annual Return; their comments and recommendations are reported to the full Council.

**Review:** This review shall be carried out annually and recorded in the Council's minutes.

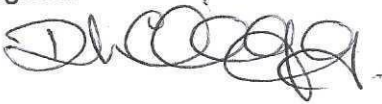


MR M. BOBBY

Signed:

(Chair of Council) Dated: 21<sup>st</sup> March 2024

Signed:



MRS. D. CLEGG.

(Responsible Financial Officer) Dated: 21<sup>st</sup> March 2024

Signed;



JOANNE TOWNE

(Parish Clerk) Dated: 21<sup>st</sup> March 2024

The Responsible Financial Officer of Winterton-on-Sea Parish Council

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Adopted: March 2024

Review due: March 2025