



## **THURMASTON PARISH COUNCIL**

### **Statement of Internal Control and Annual Review of Effectiveness of Internal Control**

#### **Cash Book/Bank Reconciliations**

- The cash book is kept electronically (in accounts software – Edge Designs), maintained up to date from original documents (cash received, invoices, payments and direct debits made and cheques as they are prepared).
- The cash book is reconciled to the bank statement at least monthly.
- Reconciled accounts are presented at each Parish Council meeting for reference.
- The cash books, payments and receipts and bank reconciliation is reviewed and approved by members of the Parish Council, with reference to the underlying records (bank statements and minutes plus copies of accounts papers etc.) at least annually.
- The bank reconciliation is reported to the Finance Committee and copy to full Parish Council and minuted as such.
- The latest financial position and movements on the Parish Council's cash balances are reported at each Finance meeting and copy to full Parish Council Meeting, and can be traced back to the expenditure approved in the previous meeting via the expenditure lists.

#### **Financial Regulations**

- The Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council Order/Tender controls.
- The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work.
- Official orders/letters are sent to suppliers for services which are not regular in nature.

#### **Legal Powers**

- The Parish Council uses its power under the Localism Act 2011, Section 1 – General Power of Competence Order 2012.

#### **Payment Controls**

- Depending on the nature of the supply, the RFO signs the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- Payments will be listed in cheques number order in the cash books and in accounts files.
- Every payment has a unique sequential transaction number which is matched to the payment invoice and the corresponding transaction on the bank statement.

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- All invoices for payment are listed and presented at the Finance Meeting. The expenditure is to be authorised for payment.
- Payments made are listed, on a separate sheet and reported in the minutes of the meeting.
- Original invoices are available to the Councillors signing the cheques or authorizing BACS payments.
- Cheques will be signed by two Councillors, who are authorised to sign on the council's bank mandate.
- The council has an online banking system in place, for the purpose of viewing statements and transferring funds between accounts.
- The RFO is authorised to transfer funds from one account to another, but not to make third party payments outside of the bank accounts in any form.
- The RFO is authorised to set up direct debit payments.
- The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings.
- Every payment is identified by a sequential unique number. This number is used to identify the transaction in the payments cashbook, the invoice and cross referenced on the bank statement.
- When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheques number, as well by the unique identifier. This is cross checked with the bank statements.

#### **VAT Repayment Claims**

- The RFO ensures that all invoices are addressed to the Parish Council.
- The RFO ensures that proper VAT invoices are received where VAT is payable.
- The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

#### **Income Controls**

- The RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council.
- The RFO ensures that the precept instalments are received when due.
- The RFO ensures that other receipts (deposit interest, allotment and land rents) are received when due and correctly calculated.
- Receipts are issued for cash received. Receipt numbers are recorded against payments.
- Income is banked promptly.

#### **Financial Reporting**

- A Budget control, comparing actual receipts and payments to the budget and the previous year is prepared on at least a monthly basis, presented to the Parish Council in advance of the meeting and minuted.

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- The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year.
- The precept is set on the basis of the budget by the deadline set by Charnwood Borough Council.

#### **Payroll Controls**

- The Clerk is paid under PAYE as an employee and the necessary system for HMRCRTI is in place.
- The Clerk's salary is set as per their contract.
- The salary is paid by Bac's.
- The Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.
- The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain 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 account, in advance of each meeting, authorized by the RFO.
- Expenses are paid by BACS and the expense sheet treated as an invoice for accounting purposes.

#### **Asset Control**

- The RFO maintains a full asset register.
- The existence and condition of assets is checked on an annual basis by members of the Parish Council.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.