

**COSSINGTON PARISH COUNCIL**  
**9 BENNETTS LANE, COSSINGTON, LEICESTERSHIRE, LE7 4UP**

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Clerk to the Council – Emma Crowe

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

**1.0 OVERVIEW**

- 1.1 Regulation 4 of the Accounts and Audit Regulations, 2003 as amended, imposes a duty on local councils to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control".
- 1.2 Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of its system of internal control. The council is required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken.
- 1.3 In order for the Parish Council to review the effectiveness of the internal control system there needs to be clarity on the internal controls in place.
- 1.4 Some internal controls are listed in the Financial Regulations document, but the system of controls goes beyond this. A Statement of Internal Controls has therefore been prepared and this is included following this report.

**2.0 RECOMMENDATION**

- 2.1 That the Parish Council consider the attached Statement of Internal Controls, reviewing it to consider whether the controls currently in place are effective.

Prepared by: Mrs E Crowe (Clerk & RFO)  
Approved by: Mr S Cobley  
Mrs P Morelli-McKeon  
Mrs B Orridge  
Mr H Sanderson  
Mrs P Weston-Webb

The following statement of internal control was considered by Cossington Parish Council at its Parish Council Meeting on 15<sup>th</sup> May 2019 and approved by the council as a true statement of the course of events undertaken by the Clerk/RFO.

## **Cash Book/Bank Reconciliations**

- The cash book is kept electronically (in accounts software – Money Manager), maintained up to date from original documents (invoices, cash received, BACS payments and cheques as they are prepared).
- The cash book is reconciled to the bank statement 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 full Parish Council and included in the Minutes.
- The latest financial position and movements on the Parish Council's cash balances are reported at each 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 is made via cheque. The cheque number is written on the invoice and the corresponding transaction will show the cheque number on the bank statement.
- All invoices for payment are listed and presented at the Parish Council meeting where the expenditure is authorised for payment.
- Payments made are listed on the agenda & reported in the minutes of the meeting.
- Original invoices are available to the Councillors signing the cheques for them to initial.

- Cheques will be signed by two Councillors, who are authorised to sign on the council's bank mandate.
- The RFO is authorised to transfer funds from one account to another by contacting Natwest bank.
- The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings other than in an emergency.
- When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheques number. 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 log of all VAT reclaimed in the year.
- The RFO reconciles the VAT payment when received by BACS payment.

### **Income Controls**

- The RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the Borough Council.
- The RFO ensures that the precept installments are received when due.
- Receipts are issued for cash received. Receipt numbers are recorded against payments.
- Income is banked promptly.

### **Budget Control**

- 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 twice a year (May and November).
- The Clerk's salary is paid by cheque.
- The Clerk ensures 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 receipts and is available at the Parish Council Meeting.
- As part of the Clerk's expenses each month the Clerk's mobile telephone bill is paid.

### **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 where a risk assessment is taken.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.