

**South Hinksey Parish Council
Statement of Internal Control
Review as to the effectiveness of the system of internal controls**

Scope and Responsibility

The Council is responsible for ensuring that business is conducted in accordance with the law and proper standards; and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively.

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council's accountability framework is 'risk' based; proportionate to that risk and to the amounts of public money involved and to the stakeholders' need for assurance.

Purpose of the System of Internal Control

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority's policies, aims and objectives; and to evaluate and manage those risks accordingly.

Review of Effectiveness

An annual review is to be undertaken by a councillor who reports directly to Council; in addition, it is the responsibility of the Council to review the Risk Management Plan on an annual basis.

| Question | Answer | Recommendation for Action (if required) | Notes: |
|--|--|--|---|
| Proper bookkeeping | | | |
| Is the cashbook maintained and up to date? | Yes, it is | | |
| Is the cashbook arithmetically correct? | Yes, it appears to be | | |
| Is the cashbook regularly balanced? | The Clerk produced reconciliations at the end of October and December 2018 | | |
| Standing orders/ financial regulations adopted and applied. Payments controls | | | |
| Has the council formally adopted standing orders and financial regulations? | Yes. The Council re-adopted both at its 2018 Annual Council Meeting. The Council amended its Financial Regulations at its December 2018 meeting. | The Clerk should arrange for up-to-date Financial Regulations to be published on the parish website [Since done] | Up-to-date Financial Regulations were signed but not published on the website since they were amended |

| Question | Answer | Recommendation for Action (if required) | Notes: |
|--|---|---|--------|
| Has a Responsible Financial Officer been appointed with specific duties? | The Council employs one member of staff with the job title "Clerk and Responsible Financial Officer" and a detailed job description | | |
| Are items or services competitively purchased? | Generally: for example, three quotes were obtained for disposal of the hay cut from the wildflower meadow | | |
| Has VAT on payments been identified, recorded and reclaimed? | Yes, it has been identified, recorded and reclaimed on invoices paid up to the end of 2018-19 | | |
| Risk management arrangements | | | |
| Are payments authorised by Council? | Yes, they are | | |

| Question | Answer | Recommendation for Action (if required) | Notes: |
|---|---|---|---|
| Do minutes record the Council carrying out an annual risk assessment? | Yes, in minute 18/176 (December 2018) | | |
| Is insurance cover appropriate and adequate? | The Council believes it is | | |
| Are internal financial controls documented and regularly reviewed? | I am the councillor who carries out an annual check | | |
| Budgetary controls | | | |
| Has the Council prepared an annual budget in support of its precept? | Yes, draft budgets were presented to the Council's December 2018 and January 2019 meetings but they were not in the required format | The Clerk should present budgets that are balanced by the precept, taking account of any contribution to or from reserves | The budgets presented to the Council have not shown the precept as a balancing figure, as required in Governance and Accountability |

| Question | Answer | Recommendation for Action (if required) | Notes: |
|--|--|---|--|
| Is actual expenditure against the budget regularly reported to the Council? | The Council received monitoring reports at its October 2018, December 2018 and January 2019 meetings | | The monitoring report presented to the October 2018 meeting was not published on the website |
| Are there any significant unexplained variances from budget? | No, there don't appear to be | | |
| Income controls | | | |
| Is income properly recorded and promptly banked? | Yes, it is | | |
| Does the precept recorded agree to the Council Tax authority's notification? | Yes, it does | | |
| Are security controls relating to cash adequate and effective? | The Council does not keep cash | | |

| Question | Answer | Recommendation for Action (if required) | Notes: |
|---|---|---|--------|
| Payroll controls | | | |
| Does the clerk have a contract of employment with clear terms and conditions? | Yes, and it was last amended at the February 2019 Council meeting to take account of the renumbering from April 2019 of the Local Government Spinal Column Points | | |
| Does salary paid agree with that approved by the Council? | Yes, it does | | |
| Are other payments to the clerk reasonable and approved by the Council? | Yes, the Clerk's expenses are always approved by the Council and at rates for mileage and printing approved by the Council | | |

| Question | Answer | Recommendation for Action (if required) | Notes: |
|---|---|---|---|
| Have PAYE/NIC been properly operated by the Council as an employer? | The Clerk admits that since he first carried out the payroll, he has been including his £10pcm Home Working Allowance, which should have been tax-free, in his taxable salary | The Clerk should correct the 2018-19 payroll before issuing his P60 [Since done] | The Clerk could presumably also correct the 2015-16, 2016-17 and 2017-18 salary records. |
| Asset controls | | | |
| Does the council maintain a register of all material assets owned or in its care? | Yes, it does and it is now available in a new format, identifying items the Council has decided it would not replace | The Clerk should table the register in both the old and new formats at the Annual Council Meeting for a Council decision [Since done] | The new format was developed after the year end and has not yet been presented to the Council |
| Is the asset register up to date? | Yes, it is. Missing bins have been removed, as has a grit spreader that no longer works | | |

| Question | Answer | Recommendation for Action (if required) | Notes: |
|--|--|---|---|
| Do asset insurance valuations agree with those in the asset register? | The Council is satisfied the insurance cover is sufficient for all the items in the register | | The Council had to pay for specific additional cover for the gates and fencing at the burial ground |
| Bank reconciliation | | | |
| Is bank reconciliation carried out regularly and in a timely fashion? | The Council received and approved a reconciliation to end December 2018 | | |
| Are there any unexplained balancing entries in any reconciliation? | No, there aren't | | |
| Has the bank reconciliation been checked and verified by a Cllr, in accordance with financial regulations? | The end-year bank reconciliation has been checked and verified by me | | |

| Question | Answer | Recommendation for Action (if required) | Notes: |
|--|---|--|---|
| Year-end procedures | | | |
| Are year-end accounts prepared on the correct accounting basis (Receipts and Payments / Income and Expenditure)? | Yes, they are prepared on a Receipts and Payments basis | | |
| Do accounts agree with the cashbook? | Yes, they do for 2018-19 | The 2017-18 accounts should be restated to transfer staff travel expenses to Staff Costs from Other Costs in line with Governance and Accountability | The Clerk believes the Council has not declared Clerks' travel expenses as a staff cost as far back as current records go |
| Is there an audit trail from underlying financial records to the accounts? | Yes, there is | | |

General comments: None

Date of Review: Friday 26th April 2019

Date of next review: April 2020

Review conducted by: Councillor Linda Goodhead

Signature:

Date:

Unsigned copy