

Middleton-cum-Fordley Parish Council - Internal Controls 2022/2023

The Accounts & Audit (Amendment) (England) Regulations 2015 aims to strengthen governance and accountability through requirements related to internal control and internal audit.

Whilst the Council has reviewed the effectiveness of the internal audit (independence, competence, proportionate and scope) it has a requirement levied on it to ensure that its financial management is adequate and effective and that it has a sound system of internal control:

'The regulations require active participation by members in providing positive assurance to the electors of their stewardship of public money. The framework of accountability is risk-based ie the level of control and management must be appropriate to the risk involved. The Council must determine the most appropriate method of internal control...care should be taken to ensure that internal control tests are proportionate and relevant and that they are not seen as, nor intended as, undue interference in the RFO's day to day management of financial affairs'.

As part of its internal controls, the Council conducts a review of the system of internal controls via the following tests on an annual basis with a written report of any findings submitted to the Council and minuted as received.

| Control Test | Comments |
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| Ensure the Asset Register is up to date. | Council reviewed and approved the Asset Register at its meeting on 14/03/23. The Clerk updates the register following every purchase or disposal. |
| Regular maintenance arrangement for physical assets. | Play equipment safety inspection by RII registered inspector conducted in September 2022. Report reviewed and noted by Council at its meeting on 04/10/22. |
| Annual review of the Risk Assessment, including financial risk. | Council reviewed and approved the Risk Assessment at its meeting on 13/12/22. |
| Annual review of adequacy of insurance. | Council reviewed and approved the insurance cover at its meeting on 11/10/22 including the Fidelity Guarantee cover. |
| Awareness of Standing Orders. | Council reviewed and approved Model Standing Orders at its meeting on 14/02/23. |
| Awareness of Financial Regulations. | Council reviewed and approved Model Financial Regulations at its meeting on 14/02/23. |
| Regular bank reconciliation, independently reviewed. | Council reviewed and approved bank reconciliations on: Year End 10/05/22 Quarter 1 12/07/22 Quarter 2 13/12/22 Quarter 3 14/02/23 |
| Regular scrutiny of Cash Book to ensure income and expenditure correctly recorded. | The Cash Book is scrutinised as part of the quarterly bank reconciliation process. |
| Ensure annual budget for the following financial year is approved. | Council reviewed and approved the annual budget for the financial year 2023/2024 on 13/12/22. |
| Ensure precept level for the following financial year is approved based on annual budget. | Council reviewed and approved the precept level for the financial year 2022/2023 based on the annual budget on 13/12/22. |

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| Proper arrangements are in place for the approval of expenditure. | Every item of expenditure is authorised by the Council and recorded in the minutes. If applicable, quotations are considered and approved. |
| Recording in minutes the precise powers under which expenditure is approved. | Every item of expenditure has the power recorded in the minutes. |
| Payments supported by invoices, authorised and minuted. | <p>Every payment is supported by an invoice, authorised by the Council and minuted at every meeting.</p> <p>Payments are made online using internet banking by one authorised signatory. Where this is not available, payments are made by cheque drawn on the Community Account and signed by one authorised signatory, in line with the current bank mandate.</p> <p>The Council is mindful of NALC's guidance over repealed Section 150(5) of the Local Government Act 1972, in that Councils must not relinquish the 'two-member signatures' control over cheques and other orders for payment until they have put in place safe and efficient arrangements. The Council verifies the accuracy of the payments made by online bank transfer by reviewing the most recent bank statement at monthly meetings.</p> <p>The Clerk prepares quarterly bank reconciliations when the relevant statements are received to ensure all receipts, payments and transfers are properly recorded and any variations are reported immediately. The quarterly bank reconciliations are reviewed and signed by a non-signatory and approved at a quorate PC meeting.</p> |
| Ensure the maximum amount of s137 expenditure is calculated annually and reported to Council. | Council noted the maximum amount of s137 expenditure for the financial year 2022/2023 on 14/03/23. |
| Ensure income, including precept, is correctly received, recorded and banked. | All income received is minuted at meetings. Income is received by cheques which are banked regularly and by direct bank transfer. |
| Ensure the effectiveness of the internal audit has been reviewed. | The review is covered within the Risk Assessment, this Internal Controls Statement and the review of the Internal Audit report at its meeting on 12/07/22. |
| Ensure all staff have an Employment Contract. | The Clerk/RFO has an Employment Contract. |
| Records are updated to record changes in legislation. | Regular bulletins are received from SALC informing the Clerk of any changes in legislation. The Clerk regularly attends training sessions delivered by SALC and ESC. Records are updated as necessary. |
| PAYE/NIC/Pension properly operated by the Council as an employer. | Employer filing obligations are met by the Clerk sending monthly reports of salary paid to HMRC via its online PAYE software. Any PAYE/NIC due is |

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| | notified to the Council by an HMRC report at every meeting and is paid by Council cheque. Council noted compliance with the Pensions legislation on 10/03/20. |
| VAT correctly accounted for and VAT payments identified, recorded and reclaimed. | All VAT is recorded in a separate column in the Cash Book and reclaimed annually. VAT paid from January 2022 to December 2022 was reclaimed in January 2023. VAT paid from January 2023 to March 2023 is less than £100. |
| Regular financial reporting to Council. | The Council notes its bank account balances at every meeting. |
| Quarterly budget monitoring statements reported to Council. | Council reviewed and approved quarterly budget versus actual income and expenditure on: Year End 10/05/22 Quarter 1 12/07/22 Quarter 2 13/12/22 Quarter 3 14/03/22 |
| CIL expenditure in accordance with legislation. | CIL expenditure of £200 on Quiet Lane signage in accordance with the legislation. |
| CIL reporting to Parish and District Councils in accordance with legislation. | CIL receipts received in the financial year 2022-2023 were reported to the Council when received will be reported to the District Council and on the parish website by 31/12/23 in accordance with the legislation. CIL receipts received in the financial year 2021-2022 were reported to the Council when received and reported to the District Council and published on the website by 31/12/2022 in accordance with legislation. |
| Compliance with Local Transparency Code. | Compliance is demonstrated by the following records published on the Parish Council page on the village website: Items of Expenditure Over £100 2021/2022 End of Year Bank Reconciliation 2021/2022 Annual Governance and Accountability Return 2021/2022 Internal Audit Report 2021/2022 Significant Variances 2021/2022 List of Councillor Responsibilities Details of Land and Public Buildings 2021/2022 Minutes and Agendas and Meeting Papers |
| Compliance with GDPR - Council registered as a Data Controller. | Council's registration with the ICO was renewed in July 2022. |
| Compliance with GDPR - progress made towards meeting the requirements. | Information Protection Policy adopted 13/03/18. Document Retention and Disposal Policy adopted 09/02/21. Subject Access Request Policy and Procedure adopted 08/10/19. Personal Data Audit noted 12/11/19. Personal Data Breach Policy adopted 09/02/21. Freedom of Information Policy adopted 09/02/21. |

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| | <p>The Council has not conducted any major projects during the financial year which involved the use of personal data, therefore no Data Protection Impact Assessments (DPIA) were completed.</p> <p>All paper records have been reviewed and rationalised.</p> <p>Paper records are kept securely in a clear, identifiable filing system.</p> |
| Minutes consecutively numbered, signed and stored adequately for safe-keeping. | <p>Minutes approved and signed at every meeting.</p> <p>Minutes stored in a metal filing cabinet to which only the Clerk can access.</p> |
| Procedures in place for recording and monitoring Members' Interests. | <p>Every Member has completed a Register of Interests form and filed it with the District Council. Members are asked to declare any interests at every meeting and these are recorded in the minutes.</p> |
| Adoption of Local Code of Conduct. | <p>Council adopted the LGA Model Councillor Code of Conduct 2020 on 10 May 2022.</p> |
| Completion of Declaration of Acceptance of Office for Chairman and Co-Opted Members. | <p>All members, including the Chairman and Vice-Chairman, completed and signed a Declaration of Acceptance of Office.</p> |

Report of system of Internal Controls reviewed by Council at its meeting on 14th March 2023.