

## Annual Review of Effectiveness of Internal Control 2023/24

Internal Control	Suggested testing	Testing and Control Reviewed as adequate
Proper bookkeeping	<ul style="list-style-type: none"> <li>• Is the cashbook maintained and up to date?</li> <li>• Is the cashbook arithmetic correct?</li> <li>• Is the cashbook regularly balanced?</li> </ul>	<ul style="list-style-type: none"> <li>• Cashbook reports presented to Council on a monthly basis</li> <li>• Bank reconciliation carried out monthly</li> </ul>
a) standing orders and financial regulations adopted and applied; and b) payments controls	<ul style="list-style-type: none"> <li>• Has the council formally adopted standing orders and financial regulations?</li> <li>• Has a Responsible finance officer been appointed with specific duties?</li> <li>• Have items or services above the de minimus amount been competitively purchased?</li> <li>• Are payments in the cashbook supported by invoices, authorised and minuted?</li> <li>• Has VAT on payments been identified, recorded and reclaimed?</li> <li>• Is s137 expenditure separately recorded and within statutory limits?</li> <li>• Council Credit Card – Are all receipts submitted to the Clerk &amp; RFO and are all purchases claimed, for the purpose of the Council only.</li> </ul>	<ul style="list-style-type: none"> <li>• Standing orders and financial regulations approved annually.</li> <li>• The Parish Clerk is the RFO</li> <li>• Necessary quotations are obtained as per Financial Regulations.</li> <li>• All invoices are initialled by Cllrs when cheques or invoices are signed and reported to Council.</li> <li>• VAT is reported separately in the accounts and claimed annually.</li> <li>• S137 expenditure is recorded separately in the accounts.</li> <li>• All receipts are submitted to the Clerk &amp; RFO for checking that all purchases claimed are for the Council.</li> </ul>
Risk management arrangements	<ul style="list-style-type: none"> <li>• Does a review of the minutes identify any unusual financial activity?</li> <li>• Do minutes record the council carrying out an annual risk assessment?</li> <li>• Is insurance cover appropriate and adequate?</li> <li>• Are internal financial controls documented and regularly reviewed?</li> </ul>	<ul style="list-style-type: none"> <li>• All financial matters are reported to Council.</li> <li>• Risk assessment approved annually in May.</li> <li>• Insurance cover is reviewed annually.</li> <li>• Internal controls are documented.</li> </ul>
Budgetary Controls	<ul style="list-style-type: none"> <li>• Has the council prepared an annual budget in support of its precept?</li> <li>• Is actual expenditure against the budget regularly reported to the council?</li> <li>• Are there any significant unexplained variances from budget?</li> </ul>	<ul style="list-style-type: none"> <li>• Budget agreed in November and Precept set in January.</li> <li>• Quarterly budgetary reports are made to Council.</li> <li>• Significant variances are explained in each budgetary report.</li> </ul>
Income Controls	<ul style="list-style-type: none"> <li>• Is income properly recorded and promptly banked?</li> <li>• Does the precept recorded agree to the Council Tax authority's notification?</li> <li>• Are security controls over cash and near-cash adequate and effective?</li> </ul>	<ul style="list-style-type: none"> <li>• Income is banked on receipt and entered into the accounts package.</li> <li>• Cash is not generally accepted by the Council.</li> </ul>
Petty cash procedures	<ul style="list-style-type: none"> <li>• Is all petty cash spent recorded and supported by VAT invoices/receipts?</li> <li>• Is petty cash expenditure reported to each council meeting?</li> <li>• Is petty cash reimbursement carried out regularly?</li> </ul>	<ul style="list-style-type: none"> <li>• There is no petty cash.</li> </ul>

Internal Control	Suggested testing	Testing and Control Reviewed as adequate
Payroll Controls	<ul style="list-style-type: none"> <li>• Do all employees have contracts of employment with clear terms and conditions?</li> <li>• Do salaries paid agree with those approved by the council?</li> <li>• Are other payments to employees reasonable and approved by the council?</li> <li>• Have PAYE/NIC been properly operated by the council as an employer?</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts of employment are in place.</li> <li>• Salary payments are recorded in a spreadsheet and agree with the amount agreed by Council.</li> <li>• The only other payments are Christmas Bonuses agreed by Council in November.</li> <li>• The Council uses the HMRC payroll system.</li> </ul>
Assets controls	<ul style="list-style-type: none"> <li>• Does the council maintain a register of all material assets owned or in its care?</li> <li>• Are the assets and Investments registers up to date?</li> <li>• Do asset insurance valuations agree with those in the asset register?</li> </ul>	<ul style="list-style-type: none"> <li>• An asset register is maintained and updated.</li> <li>• Insurance valuations are based on the values in the asset register.</li> </ul>
Bank Reconciliation	<ul style="list-style-type: none"> <li>• Is there a bank reconciliation for each account?</li> <li>• Is a bank reconciliation carried out regularly and in a timely fashion?</li> <li>• Are there any unexplained balancing entries in any reconciliation?</li> <li>• Is the value of investments held summarised on the reconciliation?</li> </ul>	<ul style="list-style-type: none"> <li>• Each bank account is reconciled.</li> <li>• The bank reconciliation for the cashbook 1 is carried out monthly and <b>for cashbooks 3,4 &amp; 5, annually as they are 1 yr fixed bonds.</b></li> <li>• All balances are currently held in the Councils Bank accounts</li> </ul>
Year-end procedures	<ul style="list-style-type: none"> <li>• Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?</li> <li>• Do accounts agree with the cashbook?</li> <li>• Is there an audit trail from underlying financial records to the accounts?</li> <li>• Where appropriate, have debtors and creditors been properly recorded?</li> </ul>	<ul style="list-style-type: none"> <li>• Accounts are produced on a receipts and payments basis.</li> </ul>

Version Control:

Reviewed at the Full Council meeting on 10<sup>th</sup> May 2023

To be reviewed at the Full Council meeting on 8<sup>th</sup> May 2024