

St Stephen Parish Council

Statement of Internal Controls

Adopted	18 February 2021
Minute Reference	2021/119 e)
Review Date	16 September 2021
Previous version adopted	N/A

Financial Regulations & Standing Orders

The Parish Council has adopted Financial Regulations and Standing Orders, based on the model versions prepared by NALC. The Financial Regulations and Standing Orders are reviewed for continued relevance at least annually and amended where necessary by the Clerk with any proposed amendments subject to approval by the Parish Council, usually at the Annual Parish Council Meeting in May.

Budgetary controls

The budget for the year ending 31 March 2021 was prepared by the Clerk (who is also the RFO) and presented to and approved by Full Council in advance of the start of the financial year in January 2020. This is evidenced by reports and minutes from the Full Council meeting in January 2020.

The precept is set on the basis of the budget and submitted in advance of the deadline set by St Albans District 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 are issued to suppliers for services which are not regular in nature.

Payment controls

Depending on the nature of the supply, the Clerk or Assistant Clerk checks 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

Payment processing is checked by two members of staff

All invoices received for electronic payment are listed on the payments schedule and presented to Full Council meeting

Requests for bookings refunds & damage deposit returns are verified by the Centres Manager and listed on the payments schedule

Electronic Payments will be issued twice per month. The first payment run of the month will be made following the circulation of the payments schedule to all cllrs via email. This payments schedule is subject to scrutiny by all cllrs and verified by those authorising the payments. The second payment run will follow the Full Council meeting at which the two payment schedules for the month are presented and the second payment schedule is verified in advance of payment

Payments are subject to scrutiny at the Full Council meeting

Payment schedules are filed in the minute book with the minutes for the relevant meeting

All staff and cllrs given access to online banking agree not to share their passwords

On-line payments will be released by two Councillors, who are authorised to sign on the Council's bank mandate. Authorised cllrs are sent a pdf of the invoices to be paid and check the payments against the invoices before releasing funds. Original invoices are available to view by all cllrs upon request

Cllrs to email within group of authorising signatories to confirm when they have authorised payments.

Clerk to complete bank reconciliation to ensure that payments tally with monthly schedule of agreed payments

Assistant Clerk to send remittance advice to the suppliers and mark invoices as paid

The Clerk is authorised to transfer funds from one Council account to another Council account. These transfers are notified to the Chair of the Council and Chair of the Finance Committee.

The Clerk maintains control of the cheque book at all times and cheques will not normal be used as a method of payment, except in exceptional circumstances whereby cheques must be signed by two authorised cllrs

Payment must be within the budgeted limits unless a resolution at Full Council has been made to approve expenditure outside of the budgeted expenses

When invoices or refunds are paid by cheque, they are with identified by the cheque number and referenced in the accounts by the cheque number. This is cross checked with the bank statements

New payees/suppliers and changes to bank account details of suppliers are set up by the Assistant Clerk and checked/authorised by the Clerk before being authorised by a cllr using the online Unity Banking website

Access to set up on-line payments via Unity Trust Bank are restricted to the Clerk and Assistant Clerk. The Assistant Clerk can set up payments but cannot authorise payments. The Clerk can authorise new accounts but does not authorise payments unless in an emergency

The Council have Visa payment cards in the names of the Head Groundsman and Clerk, connected to separate Co-op Bank accounts

Payment cards are used when the Council is making an irregular purchase and so it would not be efficient to set up an account with the supplier or where the supplier does not offer the option of setting up an account and invoicing.

Records of purchases made using the payment card are kept using the orders spreadsheet and VAT receipts filed and reported to the Council quarterly

Payment card payments are reconciled on a monthly basis and receipt of the goods and correct amounts are checked

Regular payments made for contracted services such as utilities and SLAs are set up as Direct Debits

The list of supplier paid by Direct Debit are approved annually at Full Council.

Payments made via Direct Debit are reported to the Full Council quarterly

The Parish Council does not maintain a petty cash float.

Income controls

The Clerk ensures that precept amount received is correct in accordance with the precept demand made to St Albans District Council. The precept is paid as one lump sum in April.

The Clerk, Assistant Clerk and Centres Manager ensures that other receipts (room hire charges, leases, pitch hire, licences and allotment fees) are received when due and correctly calculated

The Council requests cash or cheque payments not to be made

The Council will accept cheques in exceptional circumstances and these are banked promptly

The Council use Square Up to take card payments over the phone or in person using a card reader. For this there is a 1.5% charge. These payments are accounted for separately in the Sage accounting software as they are paid to the Council minus the 1.5% fee. This allows them to be reconciled against the relevant invoice

VAT repayment claims

The Council has registered to opt to charge VAT on services relating to Greenwood Park & Grounds hire and not to the Parish Centre or Park Street Pavilion and Rec

The Clerk ensures that all invoices are addressed to the Parish Council

The Clerk ensures that proper VAT invoices are received where VAT is payable

The Clerk maintains a VAT account to show that the correct amount of VAT is reclaimed and or paid in the year.

The VAT return is made on a quarterly basis to calculation the amount of tax due to be paid or reclaimed and partial exemption calculation is completed annually for premises that are not VAT registered.

Payroll controls

Staff contracts are prepared by the Clerk and agreed by the Human Resources Committee and approved by Full Council. They are reviewed and amended where necessary by the Clerk and approved by the Council

The Clerk's contract is prepared by an HR consultant with the direct involvement of at least two members of the HR Committee. The HR Committee agreed the contract with approval being sought from Full Council.

All employees are paid under PAYE as an employee and the necessary system for HMRC RTI is in place

All employees contract salaries are set by the Council and a minute is prepared to show the agreed salary and or any subsequent amendments

An external payroll provider is used to calculate the payroll, returning the figures to the Clerk to be scrutinised.

Salaries are paid by bank transfer authorised by the Clerk and the total amount is included in the payment schedule report made to the Council

Overtime is not paid unless it has been approved in advance and or an emergency callout had to be attended

The payroll provider submits the RTI returns and provides a summary of payments due to the Clerk who will ensure that all the necessary payroll payments are made to HMRC and LGPS and will retain evidence that this has been done

Staff expenses

Staff submit a request for reimbursement of purchase monies by way of an expense agreed prior to the purchase. The Clerk will approve the reimbursement of the monies owed which will then be included in the payroll information sent to the external payroll provider

The expenses cover any out of pocket expenses, as well as motoring expenses as laid down by joint SLCC/NALC guidelines. Receipts have to be submitted with a staff expenses claim form and these can be inspected by councillors at any time

Cash Book/Bank Reconciliations

The cash book is kept electronically, maintained up to date from original documents (cash received, invoices, payments (standing orders, direct debits and bank transfers made and cheques and electronic payments)

The cash book is reconciled to the bank statement monthly

Reconciled accounts are presented at quarterly Finance Committee meetings for reference
The latest financial position and movements of the Council can be traced back to the expenditure approved at previous meetings

Financial reporting

A budget control, comparing actual receipts and payments to the budget is prepared on a quarterly basis and presented to the Finance Committee meeting along with revised forecasting that has been required this year and reported to Full Council

Asset Control

The Clerk maintains a full asset register

The existence and condition of assets is checked on a six monthly basis and reported to the Clerk

The adequacy of insurance of the Council's assets is considered in advance of the insurance renewal in November

Risk Assessment

A Risk Assessment and a review of the effectiveness of Internal Control, is carried out annually by the Clerk and presented to the Full Council meeting where it is recommended for approval and minuted as approved by the Council

Payments made under section 137 of the 1972 LGA

St Stephen Parish Council has the General Power of Competency, if this power lapses the Council will return to operating payments under S.137 as instructed below.

A separate s137 account will be maintained

The Clerk will calculate the maximum amount of s137 expenditure able to be made each year and will ensure that it is not exceeded. The amount will be confirmed to the Council
The corresponding legal power will be identified in advance of any expenditure

Where requests for expenditure from s137 are made, it will be made clear at the Finance Committee meeting where the payment is to be approved

A minute authorising expenditure from s137 will be recorded on each occasion

Internal Audit

The appointment of Internal Auditor and the terms of reference for internal audit will be reviewed every 3 years, next review is due in March 21

The internal audit review is carried out by an approved consultant following the end of the financial year with an interim review prior to the end of the year.

The internal auditor produces a written report after completion of their audit review which will highlight any deficiencies in the internal controls and make recommendations or confirm that the Council's internal controls are sufficiently robust

This report will be considered by the Finance Committee with approved recommendations being implemented at the earliest opportunity

The Clerk will keep the Finance Committee updated on the adoption of the auditor's recommendations

External Audit

The government appointed external auditor is PKF Littlejohn

Following approval at Full Council the Clerk is to send the AGAR to external Auditor by the required deadline (normally the end of June)

Publish the public exercise of rights to view the unaudited accounts to be available to view for the first three weeks of July

Receive the report from the External Auditor by the end of September and act on any recommendations

The notice of the conclusion of the audit must be published by the end September