

**Sparsholt Parish Council**  
**Internal Financial Controls**

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.”

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.

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.

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.

<p><b>Cash Book/Bank Reconciliations</b></p>	<ul style="list-style-type: none"> <li>• A manual receipt and payments book is kept and maintained up to date from original documents (cash received, invoices and cheques as they are prepared).</li> <li>• The Receipt and Payments book is reconciled to the bank statement monthly</li> <li>• Reconciled accounts are presented to bimonthly Parish Council meetings.</li> <li>• The Receipts and Payments book is reviewed and signed by the Chairman on a bi-monthly basis.</li> <li>• Bank statements are verified and signed by the Chairman bimonthly.</li> <li>• All receipts and payments are reported to and authorised by full parish council bimonthly.</li> </ul>
<p><b>Financial Regulations</b></p>	<ul style="list-style-type: none"> <li>• The Parish Council has adopted financial regulations, based on the model version prepared by NALC. 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</li> </ul>
<p><b>Order/Tender controls</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Official orders/letters are sent to suppliers for services which are not regular in nature</li> <li>• Where the Council has agreed to pay for works conducted by a third party the RFO will write to inform that third party they they must provide suitable quotations and must not commission work until a specific quotation agreed.</li> </ul>
<p><b>Payment controls</b></p>	<ul style="list-style-type: none"> <li>• On receipt of an invoice the RFO checks that the supply has been received and checks that the supply has not previously been paid and that the calculations are correct.</li> <li>• Purchase orders/emails/letters ordering the work are matched to payment vouchers where applicable</li> <li>• Payments will be listed in cheque number order in the Receipts and Payments book.</li> <li>• Every payment has a payment voucher number which is matched to the payment invoice.</li> </ul>

	<ul style="list-style-type: none"> <li>• Payments made are listed in the minutes of the bimonthly full council meeting.</li> <li>• Original invoices are always available to the Councillors signing the cheques.</li> <li>• Cheques will be signed by two of the four councillors, who are authorised to sign on the Parish Council's bank mandate.</li> <li>• Cheque signatories sign both the cheque counterfoil and the payment voucher.</li> <li>• The Clerk is not an authorised signatory</li> <li>• The RFO maintains control of the cheque book.</li> <li>• When invoices are paid by cheque, they are with identified by the cheque number and referenced in the cashbook by the cheque number, as well by payment voucher number.</li> </ul>
<b>VAT repayment claims</b>	<ul style="list-style-type: none"> <li>• RFO ensures that all invoices are addressed to the Parish Council.</li> <li>• RFO ensures that VAT is reclaimed every six months.</li> </ul>
<b>Income controls</b>	<ul style="list-style-type: none"> <li>• RFO ensures that amount of the precept received is correct in accordance with the precept request sent to Winchester City Council.</li> <li>• RFO ensures that the precept instalments are received when due</li> <li>• RFO ensures that other receipts are received when due and correctly calculated</li> <li>• Receipts are issued for cash received and a copy kept</li> <li>• Income is banked promptly</li> </ul>
<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>• A Budget control, comparing actual receipts and payments to the budget and the previous year is prepared on bi monthly basis, presented to the Parish Council in advance of the meeting and minuted as such</li> </ul>
<b>Budgetary controls</b>	<ul style="list-style-type: none"> <li>• The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year</li> <li>• The precept is set on the basis of the budget by the deadline set by Winchester City Council.</li> </ul>
<b>Payroll controls</b>	<ul style="list-style-type: none"> <li>• The Clerk is paid under PAYE as an employee.</li> <li>• The Clerk's salary is set by the Council and a minute is prepared to show the agreed salary.</li> <li>• Kimball Smith retained to manage the payroll and to make the appropriate returns to HMRC.</li> </ul>
<b>Clerk/RFO's expenses</b>	<ul style="list-style-type: none"> <li>• The clerk submits a request for reimbursement of monies owing by way of an expense account at the end of every month.</li> <li>• The expenses cover the cost of items of stationery purchased on behalf of the Parish Council, telephone and photocopying expenses as well as motoring expenses as laid down by joint SLCC/NALC guidelines</li> </ul>
<b>Asset Control</b>	<ul style="list-style-type: none"> <li>• The RFO maintains a full asset register</li> <li>• The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal</li> </ul>

Adopted May 2014

Amended May 2015