

## PEASMARSH PARISH COUNCIL

### RISK ASSESSMENT - statement of internal financial controls

#### The purpose of this document

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.”

This document is produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise those risks. This will enable the Council to make an appropriate declaration in its annual return to the external auditors. The risks have been divided into a number of categories as shown below. For each category the actions currently being taken to manage the risks are recorded.

The Council seeks to maintain financial control by a number of mechanisms:-

<b>Area of risk</b>	<b>Procedures in place to manage/minimise risk</b>
Financial Regulations	The Parish Council has adopted financial regulations based on the model version prepared by NALC/SLCC. The regulations are regularly reviewed for continuing relevance and amended where necessary by resolution of the Parish Council. These regulations form the framework for proper financial management and this additional statement of internal controls describes the practices adopted by the Parish Council to ensure compliance with our regulations and to minimise financial risk. These are reviewed annually at the AGM.
Asset register Asset protection	The Council maintains a list of assets that it owns and reviews this at least annually. Council assets are insured. The insurance is reviewed annually or when a new physical asset is added or removed.
Cash book Bank reconciliations Financial reports	The cash book is kept electronically (in spreadsheet format), and updated as cash is received and payments are made. Payments and receipts are presented as a schedule for approval or ratification by the Parish Council each month. The cash book is reconciled to the bank statement at least monthly. Reconciled accounts are presented in advance of each Parish Council meeting. The bank reconciliation is reported to the full Parish Council each month and recorded in the minutes. The latest financial position and movements on the Parish Council’s cash balances are reported at each council meeting and can be traced back to the expenditure approved in the previous meeting via the minutes.
Bank Accounts Payment controls	The Council has one bank account. All money received is paid into the accounts by the RFO. All payments are made using internet banking or cheques drawn on the account. All cheques are signed by 2 Councillors and the counterfoils initialled. All internet banking payments are authorised online by 2 Councillors. Original invoices for each payment on the monthly schedule are available to Councillors authorising online payments or signing cheques.

Annual Budget	The Council produces a budget each year in November. The draft document is considered by the full Council and once approved is the basis on which the precept is set.
Budgetary controls	The totals of receipts and payments for the year to date are compared to the budget and reported to the Council each month.
Payments made under section 137 of the 1972 LGA	A separate S137 account is maintained A minute records the authorisation of each item of expenditure under S137. The RFO ensures that the statutory limits in this category of expenditure are not exceeded.
Audit	The Council appoints an internal auditor each year to ensure that controls are being properly exercised, to report on the accuracy of the financial records, reports and supporting documents. The Council has its accounts audited each year by external auditors appointed by the Audit Commission.
PAYE & NI	The Clerk/RFO is paid under PAYE as an employee of the Council and the necessary system for HMRC RTI is in place. The Clerk's salary is set by the Council and the decision is recorded in the minutes. Allowances and expenses are paid monthly and are recorded with salary details. All taxable payments are identified and the appropriate deductions made, reported and paid to HMRC.
VAT repayment claims	The RFO ensures that all invoices are addressed to the Parish Council and maintains a VAT account to show that the correct amount of VAT is reclaimed for each year.

This statement of internal financial controls was approved by Peasmarsh Parish Council on

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