

## **STATEMENT OF INTERNAL CONTROL AND ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL FOR RAWRETH PARISH COUNCIL**

Local Councils have a duty 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.

### **Cash Book/Bank Reconciliations**

- The cash book is kept electronically and manually, maintained up to date from original documents (credits received, invoices, payments, standing orders and direct debits made and cheques as they are prepared).
- The cash book is reconciled to the bank statement monthly.
- A summary sheet with budget against actual expenditure and income is presented each quarter at the Parish Council meeting for reference. This is signed by the Chairman and filed as part of the minutes.
- All payments are reported to the council before they are made
- The payments and receipts are reviewed and approved at each Parish Council meeting
- The Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer.

### **Payment Controls**

- Official orders are sent to suppliers for services which are not regular in nature, usually by email.
- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- Payments will be listed in the cash books and in accounts files.
- All invoices for payment are listed and presented at the Council meeting. The expenditure is authorised for payment.
- Payments made are listed in the minutes of the meeting.
- Cheques will be signed by two signatories, online payments will be authorised by two signatories, who are authorised to sign and authorise on the council’s bank mandate.

- The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings, unless an urgent situation arises (Financial Regulation 6.6).
- When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheques number. This is cross checked with the bank statements.
- Where payments are made by cheque, DD, BACS or standing order, original invoices are available at physical meetings for Councillors to initial. In urgent cases under Financial Regulation 6.6 invoices will be scanned and sent via email to Councillors.
- BACS payments are uploaded to the bank website by the RFO and are authorised online by two signatories the day after the Council meeting, unless an urgent situation arises (Financial Regulation 6.6).

### **VAT Repayment Claims**

- The RFO ensures that all invoices are addressed to the Parish Council.
- The RFO ensures that proper VAT invoices are received where VAT is payable.
- The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.
- The RFO reclaims the VAT from HMRC annually.

### **Income Controls**

- The RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the District Council.
- The RFO ensures that the precept instalments are received when due.
- The RFO ensures that other receipts are received when due and correctly calculated.

### **Financial Reporting**

- A budget control, comparing actual receipts and payments to the budget, is prepared on a quarterly basis and presented to the Parish Council at the next meeting.
- The budget is prepared in consultation with the Parish Council.

### **Payroll Controls**

- All staff are paid under PAYE as employees and the necessary system for HMRC RTI is in place.
- All salaries are set in staff contracts.
- The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

- All Workplace Pensions regulations are adhered to by the RFO and reported to the Council.
- Staff Expenses. Staff submit a request for reimbursement of monies owing by way of an expense list at each meeting.
- Expenses are paid by BACS or cheque and the expense list treated as an invoice for accounting purposes.

#### **Petty Cash**

- The Clerk maintains a maximum float of £50 for small expenses. Reimbursement is made by prior authorisation by the RFO and on production of a receipt. Reimbursements are not made without relevant receipts.

#### **Asset Control**

- The RFO maintains a full asset register.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.
- New assets are reported promptly to the insurance company.

ADOPTED BY RAWRETH PARISH COUNCIL 5<sup>TH</sup> May 2021

REVIEWED BY RAWRETH PARISH COUNCIL 4<sup>th</sup> March 2026

REVIEWED BY RAWRETH PARISH COUNCIL 1<sup>st</sup> April 2026