



# **STATEMENT OF INTERNAL CONTROL & REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL**

Chiddingly Parish Council

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# STATEMENT OF INTERNAL CONTROL & REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

## **1.0 OVERVIEW**

- 1.1 Regulation 4 of the Accounts and Audit Regulations 2015 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.”
- 1.2 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.
- 1.3 In order for Chiddingly Parish Council to review the effectiveness of the internal control system there needs to be clarity on the internal controls in place.
- 1.4 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 and this is included following this report.

## **2.0 Recommendation**

- 2.1 That the Parish Council consider the attached Statement of Internal Controls, reviewing it to consider whether the controls currently in place are effective.

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**CHIDDINGLY PARISH COUNCIL**

**STATEMENT OF INTERNAL CONTROL**

Accounts	<ul style="list-style-type: none"> <li>• The RBS (Rialtas Business Solution) cash book is kept up to date from original documents (paying-in books, invoices and cheque stubs)</li> <li>• The cash book is reconciled to the bank statement on a monthly basis.</li> </ul>
Bank reconciliations	<ul style="list-style-type: none"> <li>• The bank reconciliations are undertaken each month.</li> <li>• The bank statements and reconciliations are sent to all Councillors prior to the Parish Council meeting.</li> <li>• The bank statements and reconciliations are reported to the full Parish Council meeting and are approved and minuted as such</li> <li>• The latest financial position and movements on the Parish Council's budgets are reviewed by the finance working party and then reported at full Council.</li> <li>• The Chairman of the Parish Council will review the bank statements and reconciliations and sign them at the Parish Council meeting.</li> </ul>
Financial Regulations & Standing Orders	<ul style="list-style-type: none"> <li>• A document listing the Parish Council's financial regulations, based on the model version prepared by NALC/SLCC is maintained. 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> <li>• A document listing the Parish Council's Standing Orders, based on the model version prepared by NALC/SLCC is maintained. The Standing Orders are reviewed annually for continued relevance and amended where necessary by the Clerk with any proposed amendments subject to approval by the Parish Council.</li> </ul>
Order/Tender controls	<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> </ul>
Payment controls	<ul style="list-style-type: none"> <li>• The Clerk/Responsible Financial Officer (RFO) will check the invoices and identify the cost code within RBS to which the expenditure relates.</li> <li>• Payments due will be presented to a Full Council meeting for approval.</li> <li>• Two bank signatories will check the invoices and authorise them for payment.</li> <li>• The two bank signatories will sign the cheque stub, cheque and invoice.</li> <li>• The cheque number will be written on the invoice.</li> </ul>

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	<ul style="list-style-type: none"> <li>The cheque book is kept in the filing cabinet at the Clerks home.</li> </ul>
s137	<ul style="list-style-type: none"> <li>Where the Parish Council doesn't qualify for the General Power of Competence a separate s137 account will be maintained</li> <li>Unless the Parish Council loses the ability to qualify for the General Power of Competence s.137 shall not be used.</li> <li>The RFO calculates the maximum amount of s137 expenditure able to be made each year and ensures that it is not exceeded.</li> <li>The proper minute authorising expenditure from s137 is prepared on each occasion</li> </ul>
VAT repayment claims	<ul style="list-style-type: none"> <li>The Clerk/RFO checks that VAT has been correctly recorded on RBS</li> <li>The Clerk ensures that VAT is reclaimed on a yearly basis, following the year end procedures.</li> </ul>
Income controls	<ul style="list-style-type: none"> <li>The Clerk/RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the District Council</li> <li>The Clerk/RFO will ensure that income is banked promptly and recorded correctly on RBS</li> </ul>
Financial reporting	<ul style="list-style-type: none"> <li>A Budgetary Control report is produced for the finance working party, and the spend against budget for 6 months is considered.</li> <li>This will include details of any significant variances from budget.</li> </ul>
Budget setting	<ul style="list-style-type: none"> <li>The budget is prepared in consultation with finance working party.</li> <li>The proposals are then put to full council at a parish council meeting.</li> <li>The precept is set and agreed by full Council on the basis of the budget by the deadline set by the District Council.</li> <li>A signed precept request is sent to the District Council by the Clerk/RFO</li> </ul>
Payroll controls	<ul style="list-style-type: none"> <li>The Clerk/RFO is the only employee of Chiddingly Parish Council.</li> <li>The Clerk/RFO has a contract of employment with clear terms and conditions</li> <li>An external payroll officer (Simon Goacher) deals with the salary, PAYE, NIC and pensions contributions each month.</li> <li>The Clerk/RFO checks the details provided by the payroll officer, and having identified the RBS cost code to which the expenditure relates, will then input the details onto the RBS system.</li> <li>Two bank signatories will check the paperwork and will authorise them for payment.</li> <li>The staff members' salary is set by the parish council and a minute is prepared to show the agreed salary scales.</li> <li>The salary is paid by cheque to the Clerk/RFO.</li> </ul>

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	<ul style="list-style-type: none"> <li>• The Clerk/RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done</li> <li>• The Clerk/RFO will ensure that all monthly pension contributions are made to ESCC.</li> <li>• The payroll officer will complete the end of year return to HMRC.</li> <li>• Any</li> <li>• mileage claims will be authorised by the Clerk/RFO and the two bank signatories in line with WDC remuneration guidelines.</li> </ul>
Asset Control	<ul style="list-style-type: none"> <li>• The Clerk/RFO maintains a full and up to date 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>
Grants	<ul style="list-style-type: none"> <li>• Applicants for grants must complete an application form and send it to the Clerk together with a copy of their most recent accounts.</li> <li>• The Clerk will ensure that details of grant applications are discussed and considered by full council.</li> <li>• All grant requests have to be agreed by full council.</li> </ul>
Year-end procedures	<ul style="list-style-type: none"> <li>• Year end accounts are completed through the RBS system.</li> <li>• The relevant reports will be printed and placed in an End of Year accounts file.</li> <li>• The parish council will consider the Governance and Accountability statement.</li> <li>• The Governance and Accountability statement and Year end accounts will be approved by the Full Council. These will be listed as two separate agenda items, and two separate items on the minutes of the meeting.</li> <li>• The Clerk/RFO will ensure that the annual return is correct and is completed within the required timescales</li> </ul>