

STATEMENT OF INTERNAL CONTROL AND ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

- 1) Regulation 4 of the Accounts and Audit Regulations 2015, imposes a duty on local councils to ensure “the financial control systems determined by that officer are observed and that the accounting records of the authority are kept up to date.”
- 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 Governance and Accountability Return (AGAR) submitted to the external auditor) to evidence that this review has been undertaken.
- 3) 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.
- 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.

Prepared by: Linda Roslyn
Clerk and Responsible Financial Officer RFO

STATEMENT OF INTERNAL CONTROL

Cash Book/Bank reconciliations	<ul style="list-style-type: none">• The accounts are kept electronically (in Excel spreadsheet format), maintained up to date from original documents (cash received, invoices, payments made and cheques as they are prepared).• The cash book is reconciled to the bank statement at least monthly.• Reconciled accounts are presented in advance of each Parish Council meeting for reference.• The payments and receipts, and bank reconciliation are reviewed and approved by the members of the Parish Council nominated as internal control, with reference to the underlying records (bank statements and minutes plus copies of accounts, papers, etc.) at least biannually.• The monthly accounts statements includes the bank reconciliation and is reported to the full Parish Council and minuted as such.• 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 previous meetings via the minutes and budget statements.
Financial Regulations	<ul style="list-style-type: none">• The Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed for continued relevance and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council

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Order/Tender controls	<ul style="list-style-type: none"> 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/letters are sent to suppliers, by the RFO, for services which are not regular in nature.
Payment controls	<ul style="list-style-type: none"> Depending on the nature of the supply, the RFO checks 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. All invoices for payment are listed on the monthly accounts statement where the expenditure is to be authorised for payment. Original invoices are available to the Councillors signing the cheques or authorising BACS payments. All payments will be made Online, via the Unity Trust Bank Account, will be set-up by the RFO and authorised by two signatories. Direct Debit mandates will be signed by two signatories. The RFO is authorised to transfer funds from one bank account to another (to be authorised by two signatories), but not to make third party payments outside of the bank accounts in any form. Every payment is identified by a sequential unique number (format YY/##). This number is used to identify the transaction in the payments cashbook, on the invoice and the bank statements to provide an audit trail of the payment being made.
Payments made under section 137 of the 1972 LGA ("The Free Resource")	<ul style="list-style-type: none"> A record of Section 137 expenditure is recorded in the accounts. The RFO calculates the maximum amount of s137 expenditure able to be made each year and ensures that it is not exceeded, confirmed to the Parish Council when expenditure is considered either by reference to a specific budget for that payment or to the amount of unspent s137 money available. Where requests for expenditure from s137 are made this is made clear on the meeting agendas where the payment is to be approved. The proper minute authorising expenditure from s137 is prepared on each occasion.
VAT repayment claims	<ul style="list-style-type: none"> RFO ensures that all invoices are addressed to the Parish Council. RFO ensures that proper VAT invoices are received where VAT is payable. RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.
Income controls	<ul style="list-style-type: none"> RFO ensures that the amount of precept received is correct and in accordance with the precept request sent to Somerset Council. RFO ensures that the precept instalments are received when due. RFO ensures that other receipts (deposit interest, allotment rent and burials, etc.) are received when due and correctly calculated. Receipts are issued for cash received and a copy kept. Cash and Cheques are promptly deposited at the Post Office.

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Financial reporting	<ul style="list-style-type: none"> A Budget Statement, comparing actual receipts and payments to the budget is prepared for every meeting, presented to the Parish Council within the Monthly Accounts Statement in advance of the meeting and approved by minuted resolution.
Budgetary controls	<ul style="list-style-type: none"> The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year. The precept is set on the basis of the budget by the deadline set by Somerset Council.
Payroll controls	<ul style="list-style-type: none"> The Clerk is paid under PAYE as an employee and the necessary system for HMRC RTI is in place. The Clerk's salary is set by the Council and a minute is prepared to show the agreed salary. The salary is paid by a bank Standing Order. The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.
Office and clerk's expenses	<ul style="list-style-type: none"> The clerk receives a home working allowance towards the cost of maintaining an office at home, any out-of-pocket expenses and motoring expenses. Expenses are paid via online banking and the expense sheet treated as an invoice for accounting purposes.
Asset control	<ul style="list-style-type: none"> The RFO maintains a full asset register. The existence and condition of assets is checked on a six-monthly basis by a member of the Parish Council. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

Completed by	Linda Roslyn, Parish Clerk/RFO			Dated	9 December 2025
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