

Carbrooke Parish Council
Internal Control Policy for the year ending 31 March 2025

1 Scope of Responsibility

Carbrooke Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for; and used economically, efficiently and effectively.

Regulation 3 of the Accounts and Audit Regulations 2015 states that 'a relevant authority must ensure that it has a sound system of internal control which:-

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective;
- includes effective arrangements for the management of risk.'

2. The Purpose of the System of Internal Control

The system of Internal Control is designed to manage and reduce financial risk to the Parish Council. It is designed to ensure that the Council's activities are carried out properly and as intended.

Internal controls are set up by the Responsible Financial Officer (RFO), but it falls on the Parish Council, as a corporate body, to ensure that it has a degree of control and understanding of those controls.

Controls include the checking of routine financial transactions and procedures; the examination of financial comparisons; the recording of assets and liabilities; and the identification of risk.

The Council must evaluate those risks and the impact should those risks be realised; and to manage them efficiently, effectively and economically.

3. Responsibility for Internal Control

3.1 The Council:

The Parish Council is responsible for setting the Precept and approving the Annual Return & Governance Statement. All decisions made by the Parish Council must be in accordance with its Standing Orders and Financial Regulations, and approved by the Council.

The Council's system of Internal Control is ancillary to and underpins its Financial Regulations and Standing Orders.

The Council has appointed a Budget Committee to prepare a draft Budget each year for the consideration of the full Council (see paragraph 6.8).

The Council receives a financial statement from the RFO showing its Actual expenditure against its Budgeted expenditure. This is approved at Council meetings at least six times a year.

All payments are made in accordance with the Council's Standing Orders and Financial Regulations. The Council agrees the payments made each month.

A summary of the annual checks carried out by the Council can be found as Appendix A.

3.2 Clerk to the Council/Responsible Financial Officer:

The Parish Council has appointed a Clerk to the Council to act as the Council's adviser and administrator. The Clerk is the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances. The Clerk is responsible for the day to day compliance with laws and regulations that the Parish Council is subject to; and for managing risks. The Clerk ensures that the Council's procedures, control systems and policies are properly maintained.

The duties of the Clerk/RFO are laid down in a Job Description, which is reviewed from time to time. A copy of the Clerk's contract of employment and job description is held by the Council Chair and the Clerk. The performance of the Clerk is appraised annually by the Council's Staff Committee.

The Council is internally audited each year by an independent Internal Auditor. The Clerk/RFO submits all the requested information to the Internal Auditor by the required date.

The Council is externally audited each year by an independent External Auditor. The Clerk/RFO submits all the requested information to the External Auditor by the required date.

The Clerk/RFO arranges for the Public Notices to be displayed.

The Council retains all relevant documents relating to the financial year for five years (Annual Return, VAT Returns, PAYE/NIC information, Public notices, Asset Register, Risk Assessment reports; accounts and supporting information).

3.3 Internal Auditor:

The Council has appointed an independent and competent Internal Auditor who reports to the Council on the adequacy of its:

- records
- procedures
- systems
- internal control
- regulations
- risk management

reviews

The effectiveness of the Internal Audit is reviewed annually, and the Council agrees the appointment of the Internal Auditor (IA). The IA, who is competent and independent, is advised of the scope of the work required by the Council. The appointment is minuted.

The IA inspects the accounts and at the year end (prior to completion of the Annual Return) and completes the relevant section of the Annual Return.

The IA writes a separate report to the Council detailing any findings. The report is copied to all members of the Council and considered as an agenda item at the next meeting. Recommendations from the report are recorded in the minutes and action taken as necessary.

3.4 External Auditor

The Council's External Auditor is appointed in accordance with the current statutory accounting and audit framework.

The Council displays public notices as required by regulation.

A copy of the External Auditor's Report is presented to the Council.

3.5 Internal Control Officer

The Council has appointed an Internal Control Officer (ICO) to monitor progress against objectives; financial systems and procedures; and budgetary control. The ICO carries out regular reviews of financial matters. The Council receives reports from the ICO and monitors progress against its aims and objectives.

The Internal Control Officer is appointed annually at the Council's May meeting. The Internal Control Officer must not be a bank signatory.

The Internal Control Officer checks the financial activities of the Council over the course of the financial year on a sample basis. Regular activities are included at each quarterly check, with other activities being included at least once a year (see Appendix B for copies of the quarterly checks). Checks are reported to the next Council meeting.

Regular Activity Checks

The ICO inspects at least four payments during each quarter.

Payments are checked as follows:-

To ensure the invoice total matches the invoice countersigned by two signatories. That the payment has been advised to the Council and authorised.

Receipts are checked as follows:-

The amount is correct.
The payment has been banked.
The receipt has been advised to the Council.

Bank Transfers are checked as follows:-

The amount debited from the Council's interest bearing account has been credited to its Current Account.

Control Check Calendar

Check 1 (first quarter of the financial year) ie April-June
Check 2 (second quarter of the financial year) ie July-September
Check 3 (third quarter of the financial year) ie October-December
Check 4 (fourth quarter of the financial year) ie January-March

4. Community Hub

The Hub Committee maintains a separate Internal Control policy which is operated in conjunction with the Parish Council. Please see this separate document.

5. Financial Regulations

The Council's Financial Regulations are reviewed for continued relevance and amended as necessary.

6. Risk Management Policy

The Council has a Risk Management policy. The Council reviews the policy annually and includes a separate section headed Financial Risk Assessment.

7. Accounting Procedures**7.1 Cash Book**

The cash book is kept electronically (in spreadsheet format) and maintained up to date from original documents. The cash book is reconciled to the bank statements at least monthly.

7.2 Payments

Payments are made in accordance with the Council's Standing Orders and Financial Regulations.

The Council uses online banking. Two signatories make the payments online. One of these signatories is the Clerk/RFO. The Clerk/RFO sets the bank payments and does not make the final approval/confirmation of the payment. This is carried out by a second signatory. The

signatories ensure that the payment agrees with the amount of the invoice and the payee named on the invoice. The two signatories initial the invoices as confirmation of the payment.

The Council occasionally makes payments by cheque. Two signatories sign cheques. The signatories ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice. The signatories initial the cheque stubs and invoices as confirmation of the payment.

The Clerk/RFO maintains control of the cheque book.

All invoices for payment are listed on the meeting agenda where the expenditure is to be authorised for payment.

Payments made are listed in the minutes of the meeting.

Invoices are available to all councillors.

7.3 Bank Transfers

The Clerk/RFO and other signatories are authorised to transfer funds from the Council's Scottish Widows and Unity Trust accounts to its Lloyds (Blenheim Grange) current account. Transfers can also be made by the authorised signatories from the Council's deposit account with Barclays Bank into its current account with Barclays Bank. Transfers cannot be made to third party accounts outside of the bank accounts in any form.

7.4 Vat Repayments

The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable and maintains a separate VAT account to ensure that the correct amount of VAT is reclaimed at least once a year. The Clerk/RFO ensures that all invoices are addressed to the Parish Council.

7.5 Cash

The Council does not hold cash. In the event of cash being paid to the Council it is the responsibility of the Clerk/RFO to bank it as soon as possible. Cash should not be held for more than three working days. Any cash receipts are reported to the Council.

7.6 Income Controls

The Clerk/RFO ensures that the amount of the Precept received matches the Precept request sent to Breckland Council. The Clerk/RFO ensures that all other receipts are received when due.

7.7 Salary and Expenses

The Council has one employee, the Clerk/RFO. The Clerk/RFO's salary is paid at Parish Council meetings. Payment is made in accordance with a salary slip provided by the Council's payroll

service provider. Mileage and any other expenses are reimbursed in accordance with rates approved by the Council and on the production of relevant receipts and records.

7.8 Budget Committee

The Council has appointed a Budget Committee to prepare a draft Budget for the consideration of the full Council. At its November meeting the Council considers the draft Budget and the level of Precept for the following financial year. The final decision on both is taken by the Council no later than January of each financial year.

7.9 Budgetary Control

The Council receives a financial statement comparing its actual expenditure against its budgeted expenditure, which it approves at its Council meetings at least six times a year. The statement includes a bank reconciliation.

8. Asset Management

The Clerk/RFO maintains a full Asset Register. This is updated as necessary. The existence and condition of the Council's assets is checked on an annual and periodic basis. The adequacy of insurance of the Council's assets is considered annually in advance of the insurance renewal. No assets shall be sold, leased or otherwise disposed of without the authority of the Council. A separate Risk Assessment report of the Council's assets is submitted to the Council annually.

9. Review of Effectiveness

The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work and any issues are identified by:

The full Council through the identification of new activities and any associated risks.

The Internal Control Officer through regular reports made to the Council.

The Clerk/RFO, who has responsibility for the development and maintenance of the internal control procedures and managing risks.

The Internal Auditor, who reviews the Council's system of internal control. The Internal Auditor submits a written report to the Council (in addition to completing the relevant section in the Annual Return). The Council takes appropriate action arising from reports.

The External Auditor, who makes the final check using the Annual Return, a form completed and signed on behalf of the Parish Council by the RFO, Chair and Internal Auditor. The External Auditor issues an annual audit certificate and the Council takes appropriate action arising from the report.

10. Significant Internal Control Issues

The significant internal control issues identified by the Internal Auditor during the financial year to 31st March 2023 were:

None.

Action taken was:

N/a.

11. Annual Return

There were matters raised by the External Auditor on the Annual Return for the financial year to 31st March 2023. These were:

The smaller authority has disclosed that it made proper provision during the year 2022/23 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this Assertion. It has also disclosed that it took appropriate action on all matters raised in reports from internal and external audit, by answering 'Yes' to Section 1, Assertion 7, which, on the basis of the above, is not correct. Other matters not affecting our opinion which we draw to the attention of the authority: We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2023/24 for the exercise of public rights, since the notice regarding the period for the exercise of public rights was not published before the start of the period. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2023/24 and ensure that it makes proper provision for the exercise of public rights during 2024/25.

Action to be taken in next Annual Return:

The Council will make the necessary adjustments and answer 'No' to Assertion 4 of the Annual Governance Statement for 2023/24 as stated above, and ensure it makes proper provision for the exercise of public rights during 2024/25.

Approved: February 2024.

Next review: February 2025.

Appendix A

Summary of the Annual Checks

The Parish Council annually:-

- i. Considers and amends its Internal Control Policy as necessary.
- ii. Reviews its Risk Management Policy.
- iii. Assesses the effectiveness of its Internal Audit arrangements.
- iv. Reviews the effectiveness of its banking arrangements.
- v. Considers its Insurance policy and whether an alternative insurance provider should be sought.
- vi. Appoints an Internal Control Officer.
- vii. Considers a Risk Assessment of Assets Report prepared by the clerk. The report includes the Asset Register.
- viii. Appoints an independent and competent Internal Auditor
- ix. Considers the Internal Auditor's report and formalises any necessary action plan.
- x. Considers, completes and signs the Annual Return.
- xi. Approves its Budget and Precept for each financial year.
- xii. Provides training as required for the Clerk/RFO and councillors
- xiii. Provides adequate resources to complete the above.

Appendix B

Internal Control Officer's Report

CHECK 1 (first quarter of the financial year) ie April-June

1. Please check at least four payments and any receipts

Payments

- 1 DatePayee.....Value.....
- 2 Date.....Payee.....Value.....
- 3 Date.....Payee.....Value.....
- 4 Date.....Payee.....Value.....

Receipts

- 1 Date.....From.....Value.....
- 2 Date.....From.....Value.....

- 2. Has the Cashbook been checked against the bank statements ?
Yes/No
- 3. Have the audited accounts for the year been presented to the Council for approval ?
Yes/No Date of meeting.....
- 4. Has the Annual Return been presented to the Council ?
Yes/No Date of meeting.....
- 5. Has a report from the Internal Auditor been presented to the Council ?
Yes/No Date of meeting.....
- 6. Has the bank reconciliation been checked against the bank statements ? Yes/No
- 7. Have any bank transfers been crosschecked ?
Yes/No

Comments:-

Reported to the Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.

Internal Control Officer's Report

CHECK 2 (second quarter of the financial year) ie July-September

1. Please check at least four payments and any receipts

Payments

1 DatePayee.....Value.....
2 Date.....Payee.....Value.....
3 Date.....Payee.....Value.....
4 Date.....Payee.....Value.....

Receipts

1 Date.....From.....Value.....
2 Date.....From.....Value.....

2. Has the Cashbook been checked against the bank statements ?
Yes/No

3. Has the bank reconciliation been checked against the bank statements ? Yes/No

4. Have any bank transfers been crosschecked ? Yes/No

5. Is the Council in line with its budget for the financial year ? Yes/No

Comments:-

Reported to the Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.

Internal Control Officer's Report

CHECK 3 (third quarter of the financial year) ie October-December

1. Please check at least four payments and all receipts

Payments

1 DatePayee.....Value.....
2 Date.....Payee.....Value.....
3 Date.....Payee.....Value.....
4 Date.....Payee.....Value.....

Receipts

1 Date.....From.....Value.....
2 Date.....From.....Value.....

2. Has the Cashbook been checked against the bank statements ?

Yes/No

3. Has the bank reconciliation been checked against the bank statements ? Yes/No.

4. Have any bank transfers been crosschecked ? Yes/No.

5. Is the Council in line with its budget for the financial year ? Yes/No

Comments:-

Reported to Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.

Internal Control Officer's Report

CHECK 4 (fourth quarter of the financial year) ie January-March

1. Please check at least four payments and any receipts

Payments

1 DatePayee.....Value.....
2 Date.....Payee.....Value.....
3 Date.....Payee.....Value.....
4 Date.....Payee.....Value.....

Receipts

1 Date.....From.....Value.....
2 Date.....From.....Value.....

2. Has the Cashbook been checked against the bank statements ?

Yes/No

3. Has the bank reconciliation been checked against the bank statements ? Yes/No

4. Have any bank transfers been crosschecked ? Yes/No

5. Is the Council in line with its budget for the financial year ? Yes/No

Comments:-

Reported to Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.