

CULMINGTON PARISH COUNCIL STATEMENT OF INTERNAL CONTROL

FOR THE YEAR ENDING 31st MARCH 2026. Adopted: 4th March 2025

1. Scope of Responsibility

Culmington Parish Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Internal Control Environment

The Council:

The Council has appointed a chairperson who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations and objectives and budgets at the level of precept required for the following year at its November Meeting. The Council meets minimum of ten (10) each year and monitors progress against its aims and objectives at its meetings by receiving relevant reports from Chairperson and the Parish Clerk. The Council regularly reviews its internal controls, systems and procedures.

The Parish Council uses its power under the Localism Act 2011, Section 1 – General Power of Competence Order 2012. The Parish Council has adopted Financial Regulations, based on the model version prepared by NALC/SLCC and it is reviewed annually.

The Clerk/Responsible Financial Officer:

The Council has appointed a Clerk of the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer 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 Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

4. Processes

a) Cash Book

The cash book is kept electronically on Microsoft Excel, maintained up to date from original documents (invoices, cash received, BACS payments and cheques as they are prepared). A report of expenditure against budget is presented to the full council at least quarterly and it is noted in the minutes.

b) Payments:

All invoices are checked for accuracy by the Clerk/RFO. All payments to be agreed are listed on the agenda and recorded in the minutes. Council approves all payments unless they have been made under the Delegated Matters Process and then approved at the next meeting. Two Members of Council who are stated on the banking mandate sign every cheque and authorise all online payments. Invoices are checked by the signatories and initialled. Bank stubs are initialled by the signatories and the cheque number and date of payment is recorded on the invoice. The Clerk/RFO maintains control of the cheque book and bank account at all times.

Where Councillors or the Clerk/RFO require reimbursement for expenditure on council business or for council equipment then a Reimbursement Form is completed and presented to council and recorded on the agenda and minutes. Expenses are recorded on an Expenses Form and dealt with in the same manner.

c) Income:

The Clerk/RFO presents a draft budget to council in November to be finalised before the end of January in the following year. The Clerk/RFO ensures the Precept Application is returned to Shropshire Council by the 31st January and checks that the correct amount is received the following April. All other income is recorded in the cash book and allocated to specific budget if appropriate and expenditure timescales noted. Any cheques or cash are recorded and banked promptly.

d) Bank Reconciliation:

The cash book is reconciled to the bank statements monthly. A bank reconciliation is presented to full council quarterly and is checked and signed by a non-signatory councillor and recorded in the minutes.

e) VAT Repayment Claims:

The Clerk/RFO ensures that all invoices are addressed to the Parish Council and they are proper VAT invoices are received where VAT is payable. The Clerk/RFO maintains a log of all VAT paid and reclaimed in the year and reconciles the VAT repayment with the amount claimed.

f) Employment:

The Clerk/RFO is provided with a contract based on the NALC model contract and the pay rate is in line with the NJC scale. They are paid quarterly by BACS and the Clerk/RFO ensures that all the necessary payroll returns and payments are made to HMRC and will retain evidence that this has been done in the cash book and employee's personnel file.

g) Risk Assessments/Risk Management:

The Council carries out regular risk assessments in respect of its activities and regularly reviews its system and controls. The asset register is updated as required and reviewed regularly and at least annually.

h) Asset Control:

The Clerk/RFO maintains a full asset register. The existence and condition of assets is checked on an annual basis by members of the Clerk/RFO when a risk assessment is taken

and presented to a council meeting. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

i) Internal Audit:

The Council has appointed an independent and competent Internal Auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters.

j) External Audit:

At the Annual Parish Council Meeting the Council completes a Certificate of Exemption if its gross income or expenditure does not exceed £25,000 for the financial year, the external auditor has not issued a public interest report or advisory notice, commenced a judicial review or made an application under Section 28(1) of the Local Audit (Smaller Authorities) Regulations 2015. The council can request a limited assurance review and would then not exempt itself in that financial year.

5. Review of Effectiveness

The Council has responsibility for conducting an annual 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 of

- The Council
- The Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk
- The Independent Internal Auditor who reviews the Council's systems of internal control using the Annual Return, a form completed and signed by the RFO, the Chairperson and Internal Auditor. The Internal Auditor also has access to the Employment Records, Policies and Procedures, Minutes and Agendas, Cash Book and Bank Statements and reconciliations.

6. Significant Internal Control Issues

The Council strives for the continuous improvement of the system it has designed for internal control. If a significant Internal Control Issue arises this statement will be reviewed at the next Parish Council Meeting.