

Agenda Item 7(6)

PRESTON UNDER SCAR PARISH COUNCIL

Proposed Statement of Internal Control for the year ending 31 March 2026

Preston under Scar Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is used economically, safeguarded and properly accounted for.

Regulation 4 of the Accounts and Audit Regulations, 2003 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”.

Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of their system of internal control. The council is required to sign the annual governance statement (part of the annual return submitted to the external auditor) to evidence that this review has been undertaken.

For the Parish Council to review the effectiveness of the internal control system there needs to be some clarity on the internal controls in place.

The following arrangements for internal control have been put in place at the Council. Some of these arrangements have been in place for a number of years, others are new.

Internal Control Procedures:

The Council:

The Council has elected a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council approves the budget and the level of precept for the following financial year at its November or December meeting.

The Council monitors progress against its budget following the end of each quarter at the next available Full Council meeting.

The Council reviews annually its internal controls, systems and procedures as part of its consideration of the Annual Governance and Accountability Return for that year.

The Council appoints at its Annual Meeting a Councillor to verify bank reconciliations produced by the Clerk/RFO at the end of each quarter and at year end.

Clerk to the Council/ Responsible Finance Officer (RFO):

The Council has appointed a Clerk, who is also the RFO. The Clerk is responsible for day-to-day compliance with the law and for managing risk. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

The RFO is responsible for administering the Council's finances and specifically for:

- Ensuring the keeping of proper records: The cashbook is maintained (using an Excel spreadsheet) and balanced following the end of each month.
- Presenting a finance report to every Council meeting.
- Carrying out a bank reconciliation following the end of each quarter, which is independently verified by a nominated Councillor

Financial Regulations:

The Council has adopted financial regulations which reflect the current national model financial regulations. These will be reviewed when new model regulations are published and/or as amendments to the prevailing model are published.

Payment controls:

The Clerk has delegated authority for approving all payments. Once the Clerk has authorised a payment, a nominated Councillor sets the payment up with the Council's bank and together with a second member of the Council authorises each payment using online banking.

The Clerk will check the payments made from the Parish Council's bank account against her record of authorised payments at the end of each month

All payments made during the intervening period will be reported at every Council meeting. A list of all payments made will also be published on the Council's website

Income:

Most income is received via Bank Transfer (ie the BACS system). Any cash/cheque receipts are promptly banked. All income is recorded in a cashbook (maintained on and Excel spreadsheet) and reported to next meeting of Council.

Petty Cash:

No petty cash system is operated.

Risk Management/ Asset Control:

The Council carries out an annual assessment of risks it is exposed to and identifies any actions necessary to minimise those risks. The financial risk assessment will be reviewed annually.

The Council reviews its asset register and insurance cover annually

Internal Audit:

The Council appoints an independent auditor to report to the Council on the adequacy of its records and procedures. The annual report of the internal auditor is reviewed by the Council as part of its consideration of the AGAR.

External Audit:

The Council's income/expenditure level means that it is able to certify itself as exempt from external audit.

Internal control review/ issues:

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. It will conduct this as part of its consideration of the AGAR

The above Statement of Internal Control was considered by Preston under Scar Parish Council on 20 May 2025 when it was RESOLVED that the controls set out in this statement place are effective and that the Statement be approved.