UPTON

PARISH COUNCIL

Statement of Effectiveness of Internal Control

Annual Review – March 2026

1. Introduction & Legislation

- Regulation 3 of the Accounts and Audit Regulations 2015, imposes a duty on a relevant authority to ensure that it has:

  "a sound system of internal control which—
  (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  (b) ensures that the financial and operational management of the authority is effective; and
  (c) includes effective arrangements for the management of risk."

- 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.

- 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.

- 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. Recommendation

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

3. Roles and responsibilities

- The Clerk & RFO carries out statutory responsibilities in accordance with their role.

- Four members of the Council plus the Clerk & RFO are authorised signatories, in accordance with the Council's bank mandate. Council's bank mandate is regularly reviewed to ensure it is up to date. Any changes to the bank mandate are approved by resolution of the Council.
- The Council appoints an Internal Controller. The Internal Controller is a member of the Council and is not an authorised signatory, to preserve a position of neutrality. The Internal Controller carries out an independent review of the accounts and bank reconciliations every month, evidenced by a signature. The Internal Controller carries out checks and audit samples on an ad hoc basis.
- The Council appoints an Internal Auditor, NCALC IAS, by resolution of the Council.
- The Council opts into the national procurement for External Auditors, PKF Littlejohn.

4. Cash Book/Bank Reconciliations

- The cash book is kept electronically (in MS Excel), maintained up to date from original documents (invoices, receipts, BACS, Debit Card and cheque payments).
- The cash book is reconciled to the bank statements monthly.
- The cash book and bank reconciliation are reviewed and approved by the Internal Controller, with reference to the underlying records (bank statements, invoices, minutes etc) monthly.
- The bank reconciliation is reported to the full Parish Council and included in the Minutes quarterly.
- Reconciled accounts are presented to the full Parish Council and included in the Minutes quarterly.
- The latest financial position and movements on the Parish Council's cash balances are reported quarterly and can be traced back to the expenditure approved and income received in the previous quarter's meetings via the income received and payments lists.

5. Financial Regulations

- The Parish Council has adopted the latest financial regulations, based on the model version prepared by NALC. The regulations are reviewed annually for continued relevance and amended where necessary by the Clerk & RFO with any proposed amendments subject to approval by full Council.
- 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/emails are sent to suppliers for services which are not regular in nature.

6. Legal Powers

- The Council qualified for General Power of Competence (Localism Act 2011, Section 1 – General Power of Competence Order 2012) in May 2025 due to having 11 elected councillors following the May local elections.
- The Agenda of the Parish Council Meeting includes a Payments Table, which itemises each item of expenditure. The statutory power under which each payment is made is no longer listed as the Council qualifies for General Power of Competence.

7. Payment Controls

- The Clerk & RFO checks purchase invoices to indicate 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 and presented at the Parish Council meeting where the expenditure is authorised for payment, by resolution of the Council.
- The Payments list indicates the method of payment to be used: BACS, Debit Card or Cheque. Most payments are made via BACS.
- Original invoices are available to the Councillors at the Parish Council meeting. A member of Council signs or initials the invoices.
- Payments are listed with a document date and a payment date, in the cash book.
- Any cheque payments are signed by two councillors who are authorised to sign under the council's bank mandate.
- BACS Payments are uploaded onto Unity Trust Bank by the Clerk & RFO and then authorised by a councillor who is authorised to approve online payments under the council's bank mandate.
- The Clerk & RFO maintains control of the cheque book, Debit Card and Bank Account at all times.
- BACS/cheques are only be issued for payments approved in Council meetings. Financial Regulation 6.9 provides guidelines for dealing with payments in an emergency, should the circumstance arise.

8. VAT Repayment Claims

- The Clerk & RFO ensures that all invoices are addressed to the Parish Council.
- The Clerk & RFO ensures that proper VAT invoices are received where VAT is payable.
- The Clerk & RFO maintains a log of all VAT reclaimed in the year.
- At present VAT is reclaimed annually, but the Clerk & RFO is considering increasing this to quarterly reclaims, as the value of the Council's transactions has increased.
- The Clerk & RFO reconciles the VAT payment when received by BACS payment.

9. Income Controls

- The Clerk & RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the precepting authority (West Northamptonshire Council).
- The Clerk & RFO ensures that the precept instalments are received when due.
- The Council is a cashless council. Cash receipts are not accepted.

10. Budget

- A bottom-up draft budget is prepared, based on detailed estimates of all receipts and payments for the following financial year, for approval by full Council.
- The precept is set on the basis of the budget and is submitted to West Northamptonshire Council by the deadline set.

11. Payroll

- The payroll is prepared by an external payroll provider, BOBS.
- BOBS ensures that all the necessary payroll returns are made to HMRC and retains evidence that this has been done.
- Payments due to:
    - the Clerk & RFO (net pay)
    - HMRC (PAYE & NIC)
    - LGPS (Employee and Employer's Pension Contributions)

  are itemised on Payroll reports from BOBS. These are available to the Councillors at the Parish Council meeting. A member of Council signs or initials the payroll reports.
- Payroll payments are authorised at full Council meeting.

12. Clerk's Expenses

- The Clerk & RFO submits a request for reimbursement of expenses owing by way of an itemised claim form. The form is available at the Parish Council Meeting.
- The main item for reimbursement is mileage, which is itemised by trip and by reason.
- The expense claim includes £33.33 per month working from home allowance.

13. Asset Control

- The Clerk & RFO maintains a full asset register. This is presented to full Council at least annually, more frequently when circumstances change.
- The existence and condition of assets is checked at least annually by the Clerk & RFO, more frequently when circumstances require (eg: adverse weather conditions, acts of vandalism).
- Risk Assessments are carried out by the Clerk & RFO whenever a new event or activity deems it necessary.

- The adequacy of insurance of the Parish Council’s assets is considered at least annually in advance of the insurance renewal, more frequently when circumstances require. The Clerk & RFO informs Council’s insurers for any changes which may affect its cover.

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