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## Kelbrook & Sough Parish Council

### Internal Control Review 2025

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<b>Review Title:</b>	<b>Internal Control Review</b>	<b>Date:</b>
<b>Conducted by:</b>		
<b>Reviewed by Council:</b>		<b>Minute Ref:</b>
<b>Review Period:</b>	<b>4 x per Year</b>	

Whilst the Parish Council has reviewed the effectiveness of the internal audit, it has a requirement levied on it to ensure that its financial management is adequate and effective and that it has a sound system of internal control.

The regulations require active participation by members in providing positive assurance to the electors of their stewardship of public money. The framework of accountability is risk-based in that, the level of control and management must be appropriate to the risk involved. The council must determine the most appropriate method of internal control. Care should be taken to ensure that internal control tests are proportionate and relevant.

As part of its internal control, Kelbrook and Sough Parish Council has appointed non-signatory councillors to conduct a review of the systems of internal control using the following control criteria on a quarterly basis. This review and any findings will be submitted to the council and minuted as received.

## INTERNAL CONTROL REVIEW

No.	CONTROL CRITERIA	REVIEWED YES or NO	DOCUMENTS STAMPED/INITIALLED	COMMENTS
1	<b>Council Structure and Responsibilities</b>			
	➤ A Chair is appointed at the Annual Parish Council Meeting in May			
	➤ Council meets at least 4 x a year, including the Annual Parish Meeting			
	➤ Council carries out relevant risk assessments			
	➤ Council appoints an Internal Auditor and reviews their findings			
2	<b>Financial Regulations</b>			
	➤ Council has adopted Financial Regulations based on the model version prepared by NALC			
	➤ The regulations are reviewed at least annually for continued relevance.			
	➤ The Clerk/RFO makes any necessary amendments. Proposed amendments are subject to approval by Council			
3	<b>Accounts/Bank Reconciliation</b>			
	➤ The accounts are kept electronically and maintained using original documents/invoices which are scanned and linked to each transaction for receipts and payments along with minute references for payment approval			

No.	CONTROL CRITERIA	REVIEWED YES or NO	DOCUMENTS STAMPED/INITIALLED	COMMENTS
	➤ The accounts are reconciled to the bank statement monthly			
	➤ Reconciled accounts are prepared in advance of each council meeting			
	➤ The accounts and bank reconciliation is reviewed by council and approved by 2 non-signatory members at each council meeting			
	➤ The bank reconciliation is reported to council and minuted			
	➤ The latest financial position and movements on the council's cash balance is reported at each council meeting and can be traced back to expenditure approval in previous minutes			
4	<b>Purchase/Tender Controls</b>			
	➤ The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of work			
5	<b>Payment Controls</b>			
	➤ Council makes most of its payments electronically, has an authorised Internet Banking Administrator and uses 2 factor authentication for transactions			
	➤ Council has a direct debit and regular payment review policy. It is amended with council approval as required or at least reviewed annually			

No.	CONTROL CRITERIA	REVIEWED YES or NO	DOCUMENTS STAMPED/INITIALLED	COMMENTS
	➤ All payments are entered electronically into the accounts			
	➤ Each invoice is matched to the transaction for verification and is certified and signed off for approval by council at the next meeting.			
	➤ Each invoice is scanned and linked to its transaction along with a minute reference			
	➤ All invoices paid or for payment are listed on the council's meeting agenda as an attachment for approval and are minuted			
	➤ Should payment by cheque be required, 2 authorised signatories are required as shown on the council's bank mandate			
	➤ The Clerk/RFO maintains control of the cheque book at all times and will only be issued and signed for payments approved in council meetings			
	➤ If invoices are paid by cheque they are identified by the cheque number and referenced in the accounts. This cross referenced with bank statements			
6	<b>Legal Powers</b>			
	A proper legal power is identified in advance of any expenditure			

No.	CONTROL CRITERIA	REVIEWED YES or NO	DOCUMENTS STAMPED/INITIALLED	COMMENTS
7	<b>Payments made under section 137 of the LGA 1972</b>			
	➤ Payments made under s137 are recorded in the accounts using a Yellow Flag			
	➤ Each year the Clerk/RFO calculates the maximum allowable amount of s137 expenditure and ensures that it is not exceeded – confirmed to the council when expenditure is considered either by reference to a specific budget for that payment or to the amount of unspent s137 money available			
	➤ Requests for expenditure from s137 are made clear on the meeting agenda where the payment is to be approved			
	➤ s 137 expenditure is properly minuted			
8	<b>VAT repayment claims (VAT 126)</b>			
	➤ Clerk/RFO ensures compliance with VAT notice 749			
	➤ Clerk/RFO ensures that all invoices are addressed to the Parish Council			
	➤ Clerk/RFO ensures that proper VAT invoices are received where VAT is payable			
	➤ Clerk/RFO maintains an electronic VAT account to ensure that the correct amount of VAT is reclaimed in the year and submits a claim annually (if over £100)			

No.	CONTROL CRITERIA	REVIEWED YES or NO	DOCUMENTS STAMPED/INITIALLED	COMMENTS
9	<b>Income Controls</b>			
	➤ Clerk/RFO ensures that the amount of precept received is in accordance with the precept request sent to the Borough Council			
	➤ Clerk/RFO ensures that the precept instalments are received when due			
	➤ Clerk/RFO ensures that all other receipts, where applicable, are received when due and are correctly calculated			
	➤ Receipts are recorded electronically into the accounts when received, scanned and linked to its transaction			
10	<b>Financial Reporting</b>			
	➤ Clerk/RFO prepares a Financial Report in advance of each council meeting to seek approval for bank reconciliation, payments made, to be made, invoice verification, budget analysis, current financial position and any other relevant financial information			
11	<b>Budgetary Control</b>			
	➤ The budget process takes place from October to December and is applicable to the next fiscal year and determines the level of precept required for council to meet its statutory obligations, aims and objectives			
	The budget is approved by council in January for use in the next fiscal year			

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	➤ The precept amount is identified following approval of the budget; the precept demand is issued to the billing authority by the date stipulated			
12	<b>Payroll Controls</b>			
	➤ As an employee, the Clerk/RFO has contracted weekly hours, and the salary is set by council and documented in the contract			
	➤ Council uses a 3 <sup>rd</sup> party for payslip generation and PAYE calculations			
	➤ The Clerk/RFO will seek approval from council for any hours worked over and above those contracted			
	➤ On receipt of a payslip, an electronic payment will be set up using 2 factor authentication to ensure payment is made on the last day of each calendar month. Where this falls at the weekend, payment will be made on the previous Friday.			
	➤ Clerk/RFO has an online HMRC account to ensure that all payroll returns are made. Monies due are paid by variable Direct Debit and are recorded electronically in the accounts. P30's are scanned and linked to each transaction			
	➤ Clerk/RFO will act for the council regarding Pension duties			

No.	CONTROL CRITERIA	REVIEWED YES or NO	DOCUMENTS STAMPED/INITIALLED	COMMENTS
13	<b>ASSET CONTROL</b>			
➤	Clerk/RFO maintains a full asset register			
➤	The existence and condition of assets is checked and reported to council on a 6 monthly basis by a member of the council			
➤	The adequacy of Insurance for the Parish Council's assets is considered annually in advance of the Insurance renewal			