

West Hill Parish Council Review of Internal Controls

APPROVED at WHPC Meeting 5th May 2026 Min 26/115

<u>Version Control</u>	<u>Status</u>	<u>Notes</u>
5 th May 2026	APPROVED Min 26/115	Review conducted
6 th January 2026	APPROVED Min 26/011	Review conducted + updated to include WHPC Payment Card
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1. Scope of responsibility

West Hill Parish Council (WHPC or the Parish 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 Parish Council is also responsible for ensuring that there is a sound system of internal control, which delivers effective financial, operational and risk management.

2. The purposes of the system of Internal Control

The system of internal financial control is designed to manage risk – reducing it to a reasonable level to achieve policies, aims and objectives – rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal financial control is based on an ongoing process designed to:

- a. identify and prioritise the risks to the achievement of the Parish Council's policies, aims and objectives
- b. evaluate the likelihood of those risks being realised and the impact on the Parish Council should they be realised;
- c. manage the identified risks efficiently, effectively and economically.

3. The Internal Financial Control environment

3.1 The Parish Council

The Parish Council has appointed a Chairman who is responsible for the smooth running of its meetings. The Parish Council is obliged to check that its decisions are lawful.

Each year, to assist with sound system of internal control, the Parish Council appoints members to a Finance Working Group (FWG) (ref 7th May 2024 Council meeting Min 24/140). The group's membership is the Parish Clerk/RFO, Chairman and one other Councillor.

The Finance Working Group:

- meets on a monthly basis to monitor progress against its budget and reserves, to verify the bank reconciliation and to review financial reports. The FWG reports to the following full Council meeting. Each month the FWG and Full Council meeting receive relevant financial and informative reports from the Parish Clerk
- begins examining the budget requirements in September or October for the following financial year. The FWG makes recommendations to the Parish Council regarding the budget and precept for the coming financial year, which Councillors

discuss at the November and December meeting before setting the Precept.

The Parish Council regularly reviews its internal controls, systems and procedures.

3.2 The Clerk/Responsible Financial Officer

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

3.3 Payments

The Clerk, in conjunction with the Chairman, is authorised to spend up to £500. Payments above £500 are authorised by full Council. All payments are notified to Councillors at the next Parish Council meeting and invoices made available for inspection. Payments where possible are made electronically. Two Councillors are required to approve BACS payments from the online bank account. The Clerk is authorised to add payments to the online bank system but is not able to approve payments. Some regular payments are paid by direct debit following approval by Council. In the event that a payment is made by cheque, two signatories are required to sign cheques and every counterfoil must be signed by the same signatories. The Clerk is not a signatory for cheques.

The terms of the Council's Cambridge Building Society account are such that payments can only be made to the West Hill Parish Council current account.

3.4 Risk assessments/risk management

The Parish Council carries out regular risk assessments in respect of its activities and regularly reviews its systems and controls.

3.5 Internal audit

The Parish Council has appointed an independent, competent internal auditor who reports to the Parish Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The effectiveness of internal audit is reviewed annually, with interim reports provided upon request.

3.6 External audit

The Parish Council's external auditor provides an annual assurance after receipt of the Annual Return which is approved by the Parish Council after the financial year end. This assurance may be either qualified or unqualified and may also be accompanied by observations and recommendations. Such correspondence is reported to full Council for its consideration.

4. Review of Effectiveness

The Parish Council has responsibility for conducting an annual review of the effectiveness of its system of internal control. This review is informed by the work of:

- a. The Parish Council
- b. The Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk

- c. The independent internal auditor who reviews the Parish Council's systems of internal control
- d. The Parish Council's external auditor who makes the final check using the Annual Return, a form completed and signed by the RFO, the Chairman and the internal auditor after approval by full Council.

5. Financial and Accounting Procedures

The internal controls for key procedures and areas of financial risk are summarised below:

- 5.1. Financial regulations: The Parish Council has adopted Financial Regulations based on the NALC model regulations. The regulations are reviewed for continued relevance and amended where necessary via approval by the Parish Council. The regulations were revised by the Finance Working Group according to NALC's Model Financial Regulations published in 2024 and *adopted by the Council on 4th February 2025*.
- 5.2. Cash book/bank reconciliations: The cash book is kept electronically using Scribe Accounts software (Parish/Town Council online accounting software) and is updated from original documents – receipts, invoices, payments. The cash book is reconciled to the bank statement once a month and presented at the monthly Parish Council meeting. The bank statements and payments and receipts are circulated to all Cllrs monthly and reviewed by the Finance Working Group.
- 5.3. Order/tender control: Financial regulations refer for procedures relating to tenders
- 5.4. Payment controls:
 - a. All payments are reported to the Parish Council for approval via the agenda.
 - b. Two Members of the Parish Council must sign every cheque or order for payment or authorise each online payment authority. The signatories should consider each cheque/payment authority against the relevant invoice, sign the invoice and the cheque counterfoil.
 - c. No officer of the Parish Council can sign cheques or authorise payments, although the RFO has the authority to create the payment online (which must then be authorised by two Cllrs)
 - d. The Clerk maintains control of the cheque book at all times. Cheques will only be issued and signed for payments approved in Parish Council meetings.
 - e. The following is recorded on each invoice: date payment is created online, the bank's unique reference number for the transaction, the date of the meeting at which payment was agreed, the minute reference.
 - f. For cheques, a record is kept alongside the cash book showing the cheque number, the date the cheque was written, the payee, the amount, the date the cheque cleared through the bank.
 - g. For voided cheques, the voided cheque is kept on file by the Clerk, and a record kept alongside the cash book showing the cheque number, payee and the reason it was voided.
- 5.5. S137 payments: A separate record of S137 payments is kept. The Clerk calculates the maximum amount of S137 expenditure able to be made each year and ensures it is not exceeded. The proper Minute authorising expenditure from S137 is prepared on each occasion.
- 5.6. VAT reclaims (VAT 126): The Clerk ensures that all invoices are addressed to the

Parish Council. The Clerk maintains a cumulative VAT account and ensures that the correct amount of VAT is reclaimed in the correct financial year. The Parish Council undertakes to conform to all relevant statutory legislation with regard to VAT.

- 5.7. Income controls: All income is received and banked in the Parish Council's name in a timely manner and reported in the monthly bank reconciliation. The Clerk ensures that the amount of precept received is correct in accordance with the precept request sent to the District Council. The Clerk ensures that the precept instalments are received when due.

All grant income received is entered into the cash book and the Clerk monitors expenditure, spending thresholds and deadlines to ensure that the Grant Award Terms and Conditions are adhered to.

The Parish Council does not at the present time provide services or goods and therefore does not receive cash or cheques for such.

- 5.8. Financial reporting: A budget monitor, comparing actual receipts and payments to the budget, is prepared and presented to the Parish Council by the Clerk each month for consideration and approval and recorded in the Minutes.
- 5.9. Budgetary controls: A draft budget is prepared by the Finance Working Group and approved by full Council as evidenced by reports and Minutes in advance of the start of the next financial year. Having set the budget, the Parish Council determines and approves the Precept at the Council meeting. The Precept request is submitted by the deadline dictated by the District Council.
- 5.10. Payroll controls: The Clerk is paid under PAYE as an employee of the Parish Council and the necessary system for making payments to HMRC is in place. The Clerk's salary is set by the Parish Council annually and a Minute entry is prepared to show the agreed emoluments.

The Clerk ensures that the necessary payroll returns are made to HMRC and retains evidence that this has been done.

The monthly payment to the Clerk's pension scheme is processed by a nominated Councillor on receipt of the monthly payslip (added Jun-2020).

- 5.11. Office and Clerk's expenses: The Clerk submits a request for reimbursement of monies owing by way of an expense claim in advance of each Parish Council meeting and detailed on the Agenda, supported by relevant invoices.

The Clerk's expenses cover a contribution towards the cost of maintaining an office at the Clerk's home and any out of pocket expenses as well as travel expenses as laid down by the joint SLCC/NALC guidelines.

The expense sheet is treated as an invoice for accounting purposes.

- 5.12. Asset control: The Clerk maintains a register of fixed assets. The existence and conditions of assets is checked on an annual basis by the Parish Council. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.
- 5.13. Internal audit: The Parish Council annually appoints an independent internal auditor who provides a full report to the Parish Council on records, procedures, systems, internal controls, regulations and risk management.

The internal auditor will have planned and carried out the work necessary to give the assurances called for in Section 4 of the Local Councils Annual Return. The Parish Council annually reviews the scope of work offered by the internal auditor and makes the necessary re-appointment by way of a resolution of Council, suitably minuted.

- 5.14. External audit: The Parish Council submits an Annual Return to the external auditor in a timely manner and in the format required, with supporting documents/records as instructed. The assurance provided by the external auditor is circulated to Council upon receipt and published online as a financial record.
- 5.15. Financial disclosure: The Parish Council publishes: the monthly payment schedules for approval at Full Council meetings, the Annual Return, supporting documentation, statutory published notices and other documents required under the Transparency Code (although the Parish Council is not bound by said Code at present).
- 5.16. Service contracts: The Parish Council regularly monitors the performance of service providers and sub-contractors to ensure that service delivery meets contractual obligations, thus safeguarding public funds. Contracts are reviewed as per the terms of each contract.
- 5.17. Insurance: The Parish Council maintains suitable insurance policies for the varying indemnities it holds. Such cover is reviewed annually and cost comparisons are undertaken to ensure best value for council tax payers.
- 5.18. Reconstitution of records: The Parish Council ensures a system of backups such that electronic records can be restored. Other than statutory paper records, the Council strives for a paperless records and keeps electronic records wherever possible.

6. Review of Statement

This statement was reviewed by The Council at its meeting on 5th May 2026 and will be reviewed, at least, annually.

DATE

WHPC INTERNAL CONTROL CHECKLIST

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FINANCIAL

Accounting records: Is the cash book being kept up to date? How checked? Cross reference minutes/bank statements/cheque books		
Payments: Are payments up to date? How checked? Verify payments made correspond with the invoiced amounts, minutes, HMRC s/w Have they all been properly authorised? Payments within budget? Check payment card payments and statements		
Cheques: Are they properly and fully completed before being signed? Are cheque counterfoils always initialled by the signatories? Paid cheques correspond with bank statements? check outstanding payments		
Receipts: Receipts up to date? Is income due to the council received and in full?		
Surplus balances: Are surplus deposits placed in a suitable interest-earning bank account?		
Bank reconciliation: Is the council provided with this information regularly? (monthly) How checked? Cross check the monthly reconciliation against bank statements		
VAT paid: Is it properly recorded in the cash book? Date of last VAT claim?		
Internet banking: Do all Cllrs have access to view accounts?		
Payment Card: All invoiced transactions are in accordance with Financial Regulations		

Payroll

Salary payments verified? How checked? Cross check against HMRC software, records and approved salary payments. Check payroll records are up to date		
Tax and NI liabilities: HMRC liabilities met? Payments up to date? Real Time Information reporting done on time? How checked Check outstanding payments HMRC Basic Tools		
Pension Pension contribution payments up to date?		

Miscellaneous

Minutes signed and filed?		
Minutes published on WHPC website and up to date?		

Other observations: 		
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Names of persons carrying out the check: Signed:

1.

2.

Date check undertaken: