Shobnall Parish Council
Statement of Internal Control and Annual Review of Effectiveness of Internal Control

1. Overview

1.1 Local councils are required to conduct an annual 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.

1.2 In order for the Council to review the effectiveness of the Internal Control System there needs to be clarity on the internal controls in place.

1.3 Some internal controls are listed in the Financial Regulations document but the system of controls goes beyond this. A Statement of Internal Controls has been prepared and is appended to this report.

2. Recommendation

2.1 That the Council consider the attached Statement of Internal Controls and consider whether the controls currently in place are effective.

Shobnall Parish Council
Statement of Internal Control

Cash Book/Bank Reconciliations	▪ The Cash Books are kept up to date from original documents (paying-in books, invoices). ▪ The Cash Books are reconciled to the bank statements on a monthly basis.
Financial Regulations	▪ A document listing the Council's Financial Regulations, based on the model version prepared by NALC/SLCC, is maintained. The Regulations are reviewed for continued relevance and amended where necessary by the Responsible Financial Officer (RFO) with any proposed amendments subject to approval by the Council.
Order/Tender Controls	▪ The Financial Regulations list the number of estimates, quotations or full tenders that must be invited depending on the value and nature of the work. ▪ Official letters/emails/Purchase Orders are sent to suppliers for services which are not regular in nature.
Legal Powers	▪ A proper legal power is identified in advance of any expenditure.
Payment Controls	▪ Purchase Orders/letters/emails ordering the work are matched to purchase invoices where applicable. ▪ A Schedule of Payments is presented to every ordinary meeting of the Council for approval (such approval is recorded in the Minutes). ▪ All financial documents are signed by two authorised signatories. ▪ All Faster Payments/BACS transactions are authorised by two authorised signatories. ▪ Original invoices are provided to the councillors authorising BACS payments.

The Free Resource, i.e. LGA 1972, s.137	▪ A separate s.137 account is maintained where necessary. ▪ The RFO calculates the maximum amount of s.137 expenditure able to be made each year and ensures that it is not exceeded. ▪ The proper minute authorising expenditure from s.137 is prepared on each occasion.
The General Power of Competence	▪ Not currently adopted by the council.
VAT Repayment Claims	▪ The RFO ensures that all invoices are addressed to the Council. ▪ The RFO ensures that proper VAT invoices are received where VAT is payable. ▪ The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.
Income Controls	▪ The RFO ensures that the Precept decision is declared to East Staffordshire Borough Council on time. ▪ The RFO ensures that the amount of Precept received is correct in accordance with the Precept request submitted to the Borough Council. ▪ The RFO ensures that the Precept instalments are received when due. ▪ The RFO ensures that all other receipts are received when due and correctly calculated. ▪ Income is banked promptly.
Financial Reporting	▪ The performance to date and latest year end forecast against the agreed annual Budget are presented to each ordinary meeting of the Council.

Budgetary Controls	▪ The budget is prepared in consultation with the Council. ▪ The Precept is set on the basis of the budget by the deadline set by the Borough Council.
Payroll Controls	▪ All staff are paid under PAYE. ▪ All staff salaries are set by the Council and a minute is prepared to show the agreed salaries. ▪ The council has engaged Bradley Accountancy & Taxation Services to administer its payroll. ▪ Salaries are paid via Faster Payment direct into employees Bank accounts; all payments are approved by two authorised signatories. ▪ The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.
Asset Control	▪ The RFO maintains a full Asset Register. ▪ The existence and condition of assets is checked on an annual basis. ▪ The adequacy of insurance of the Council's assets is considered annually in advance of the insurance renewal.

Prepared by:

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07 May 2027

DOCUMENT HISTORY

Detailed History of Changes

Rev. No.	Date	Description of Changes
1.0	11/03/2019	Original document adopted by the council
	09/03/2020	Document reviewed with no changes
	21/06/2021	Document reviewed with no changes
	16/05/2022	Document reviewed with no changes
	14/08/2023	Document reviewed with no changes
	19/05/2024	Document reviewed with no changes
	18/05/2026	Document reviewed with no changes