Wrabness Parish Council

System of Internal Control

This policy was adopted by the Council on 20th May 2026

Scope of Responsibility
The Accounts and Audit Regulations 2003 states that a Council shall be responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions, which includes arrangements for the management of risk. Wrabness Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, property accounted for, and used economically, efficiently and effectively.

The Purpose of the System of Internal Controls
Internal control is designed to reduce financial risk to the Council. The system of internal control is designed to ensure that the Council's activities are carried out properly, as intended. Internal controls are set by the Clerk/Responsible Financial Officer, but it falls to Council members to ensure that they have a degree of control and understanding of such controls. Controls will include the checking of routine financial procedures, the examination of financial comparisons, the recording of assets and liabilities, the identification of risk and to evaluate the likelihood of those risks. Such being realised and any impact should they be realised, to manage them efficiently.

The Internal Control Environment
The Council have adopted Financial Regulations which set parameters for the Council's financial operations. These are reviewed and approved at the Council's Annual Meeting in May each year, amendments as such may be made owing to changes in legislation or as is required. The Council carries out an annual review of identified key risks (Annual Risk Management Policy) and how they are addressed via agreed internal control procedures.

The Council shall review its obligations and objectives and approve budgets for the following financial year at a meeting during December/January.

The Council receives a monthly overview of expenditure once the above procedure has taken place. All payments are made in accordance with Standing Orders and Financial Regulations. Bank Reconciliations are signed by Clerk/RFO and the Chairman, monthly.

Each quarter all income, expenditure, Bank Reconciliations, detailed income and expenditure report and VAT claims are checked and the budget for that financial year is monitored. These reports are submitted to Full Council at its next meeting for approval.

At the end of the Financial Year, the Chairman shall ensure that totals are reconciled to the year-end bank statement and shall sign the associated year-end correspondence.

Payments (electronic) and Financial Reports:
Payments are reported at monthly Full Council meetings and minuted accordingly.

Dual authorisation is required, and bank signatories must authorise every payment after review of the accompanying invoice and sign the invoice/paperwork. Most payments are then made electronically via online banking once the changeover has taken place from cheque payments. The clerk, as the appointed Service Administrator, sets up the online payment which is then checked and authorised by an authorised bank signatories. The Chairman is the only signatory (other than the clerk) to make payments as well as authorise, this in the event the clerk is unable to action, ensuring the continuation of council services.
However, in that event, the cheque requires two authorised signatories to sign the cheque and initial the cheque stub. Once payments are made, these are accounted for using the council's account system, identifying the VAT elements of invoices for effective reporting.

The Council is provided with a monthly bank reconciliation (accompanied by month end bank statements), signed by the Clerk/RFO and Chairman, which has to be reviewed and approved by the Council, a financial summary of income and expenses and earmarked reserves.

Once a quarter, the Council receives a report showing detailed receipts and payments and the performance against budget. In addition, a member, other than the Chair or an authorised bank signatory, will check and sign bank reconciliations for all accounts, plus bank statements, and this will be recorded (including any exceptions) at the council meeting.

Independent Review of Accounts:
The cash books (payments and receipts) and bank reconciliations are reviewed by a nominated member of the Parish Council, (other than the Chairman or an authorised bank signatory) with reference to the underlying records (bank statements and minutes plus copies of invoices) at least quarterly. This is reported to the Council during a meeting in confirmation of the review. The councillor also signs the bank statements in ensuring this process is actioned.

Internal Audit:
The Council appoints an Independent Internal Auditor who will report to the Council on areas including adequacy of its records, procedures, systems, internal control, risk management and regulations.
The effectiveness of the internal audit is reviewed every three years, and the Council agrees to the appointment of the Internal Auditor. The Internal Auditor inspects the accounts and processes followed by the council during the current financial year and at the year-end prior to the completion of the Annual Return Statement to the External Auditor appointed for the council (currently PKF LittleJohn).

The Internal Auditor will write a separate report to the Council detailing any findings they might have. This report is also copied to all councillors and discussed by Full Council as an agenda item. Recommendations from the report are recorded in the Council minutes together with whether or not a formal action plan is necessary.

External Audit:
The Councils' External Auditors, submit a Notice of Conclusion of Audit, which is presented to the Council. Any matters raised on the Annual Return Statement are discussed by the Council with any necessary actions duly recorded and agreed.

Review of Effectiveness:
The Council is responsible for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of:

- The Finance Committee.
- The Clerk to the Council/RFO who has the responsibility for the development and maintenance of the internal control environment and managing risks.
- The independent Internal Auditor who reviews the Council's system of internal control.
- The External Auditor, who makes the final check using the Annual Return and issues an annual audit report (part 3 of the Annual Governance and Accountability Return).
- The number of significant issues that are raised during the year.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

Wrabness Parish Council **Internal control checklist**	Initial This collum is an example of the process. Separate document to be completed biannually.	Date This collum is an example of the process. Separate document to be completed biannually.
CHECKS TO BE CARRIED OUT QUARTERLY		
Accounting records, ie cash book: Is the cash book being kept up to date? Cross reference with minutes/bank statements/cheque books		
Payments: Have they all been properly authorised? Are all payments listed in the minutes? Do payments made correspond with the invoiced amounts? Check legitimacy of Direct Debits and Standing Orders		
Cheques: Are they properly and fully completed before being signed? Are cheque counterfoils always initialled by the signatories? Paid cheques correspond with bank statements? – also check outstanding payments		
Receipts:		

Is income due to the council being collected promptly and in full? Are receipts being given? Is income properly controlled pending being paid into the bank? Ie in accordance with the council's Financial Regulations?		
Bank reconciliation: Is the council provided with this information regularly? (monthly) The monthly reconciliation is checked against bank statements?		
VAT paid: Is it properly recorded in the cash book? Claim for refund of VAT made and paid to the council? Claim properly submitted in a timely manner?		
Ordering of stationary and supplies: Commensurate with the usage requirements of the council?		
Internet banking: Checks implemented by the council being adhered to?		
Independent Internal audit reports: Presented to full council (or committee as directed) and recommendations acted upon?		
External auditor's report: Presented to full council and directives acted upon?		
Names of persons carrying out the check: …… Signatures: …… Date check undertaken: ……		

This procedure is to be reviewed annually.