



PONTESBURY PARISH COUNCIL INTERNAL CONTROLS POLICY

SCOPE OF RESPONSIBILITY Pontesbury Parish Council is responsible for ensuring 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 council is also responsible for ensuring there is a sound system of internal control which facilitates the effective exercise of the council's functions and which includes arrangements for the management of risk.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROLS The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk. It cannot provide an absolute assurance of effectiveness. The system of control is based on an on-going process to identify the risks to achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

THE INTERNAL CONTROL ENVIRONMENT

The Council...:

- Has appointed a Chairman responsible for the smooth running of meetings.
- Meets at least four times each year, including an annual meeting in May.
- Approves budgets for the following year at its December/January meeting. The January meeting of the Council approves the level of Precept for the following financial year.
- Monitors, through the Finance & General Purposes Committee every quarter, the actual expenditure against budget with a (revised) forecast for the end of the year.
- Explicitly refers to managing risks when taking decisions in council meetings.
- Appoints and reviews the work of the Internal Auditor.

The Responsible Financial Officer...:

- is responsible for administrating the Council's finances.
- is responsible for the day to day compliance with the law and regulations that the Council is subject to and for managing risks.
- ensures that the Council's procedures, control systems and policies are adhered to.

Payments: All payments are reported to each meeting of the Parish Council. Two members of the mandated bank signatories must authorise every payment after review of the accompanying invoice; payments made through the online banking system will be entered onto the system by the Clerk/RFO and then approved by two of the mandated authorised members having had sight of the accompanying invoices.

Risk Assessments/ Risk Management: The council annually reviews its Risk Management Policy and carries out a risk assessment in respect of actions taken or to be taken. In this way, the council maintains oversight of its systems and controls.

Internal Audit: The council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal controls
- Regulations
- Risk Management
- Reviews

The effectiveness of the independent internal audit is reviewed annually.

External Audit: The Council's External Auditors are appointed by the Smaller Authorities Audit Appointments Ltd (SAAA) and submit an annual Certificate of Audit, which is reported to the Council.

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 Full Council
- The Finance & General Purposes Committee
- The Personnel & HR Committee
- 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.

The Council will implement the following **internal controls procedures**.

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

STATEMENT OF INTERNAL FINANCIAL CONTROLS

Cash Book / Bank reconciliations	<ul style="list-style-type: none"> • The cash book is kept electronically (on Scribe software), maintained up to date from original documents (cash received, invoices, payments (s/o) made and cheques as they are prepared) • The cash book is reconciled to the bank statement at least monthly • Reconciled accounts are prepared in advance of each Council meeting • The cash books, payments and receipts, and bank reconciliation are reviewed and approved by a member of the Parish Council nominated as internal control (currently Cllr Trow), regarding the underlying records (bank statements and minutes plus copies of accounts papers etc) quarterly • The bank reconciliation is reported to the Parish Council and minuted
----------------------------------	---

	<ul style="list-style-type: none"> 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 via the minutes
Financial Regulations	The Parish Council has adopted financial regulations, based on the model version prepared by NALC. The regulations are reviewed for continued relevance and amended where necessary by the RFO with any proposed amendments subject to approval by the Parish Council.
Order/Tender controls	<ul style="list-style-type: none"> 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/letters are sent to suppliers for services which are not regular in nature
Payment controls	<ul style="list-style-type: none"> Depending on the nature of the supply, the RFO signs the purchase invoice 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 Payments will be listed in cheque or payment number order on Scribe All invoices for payment are listed on a report to the meeting at the meeting where the payment is to be approved Payments made are listed in the minutes of the meeting. Original invoices are available to the Councillors signing the cheques Cheques will be signed by two councillors, who are authorised to sign as shown on the council's bank mandate. The council has a BACS system in place. The RFO is authorised to set up BACS payments online but as the RFO is not an authorised signatory, cannot authorise payments. A bank mandate (reviewed annually) lists members of the council who are authorised to approve online bank payments. They cannot set up payments, only view and authorise them. The RFO is authorised to transfer funds internally ie from one of the council's accounts to another, but not to make payments. The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings. The RFO will prepare cheques but is not authorised to sign them. Every payment is identified by a sequential payment number. This number is used to identify the transaction on Scribe, the invoice and cross referenced on the bank statement in ink. When invoices are paid by cheque, they are identified by the cheque number and referenced on Scribe by the cheque number, as well as by the payment number. This is cross checked with the bank statements. When invoices are paid by BACS, they are identified by the payment number which is cross checked with the bank statements. The minute number of the minute authorising irregular bank payments or cheques is detailed on each invoice.
Legal Powers	A proper legal power is identified in advance of any expenditure. The legal power for expenditure is shown on the agenda and minutes for payments made.
Payments made under section 137 of the Local Government	<ul style="list-style-type: none"> A separate s137 account is maintained in the cash book / spreadsheet. Each year the RFO calculates the maximum allowable amount of s137 expenditure and ensures that it is not exceeded – confirmed to the Parish Council when expenditure is considered either by reference to a specific budget for that payment or to the amount of unspent s137 money available

Act 1972 (aka "The Free Resource")	<ul style="list-style-type: none"> • Requests for expenditure from s137 are made clear on the meeting agendas where the payment is to be approved. • Each record of expenditure from s137 is properly minuted.
VAT repayment Claims (VAT126)	<ul style="list-style-type: none"> • RFO ensures compliance with VAT notice 749 • RFO ensures that all invoices are addressed to the Parish Council. • RFO ensures that proper VAT invoices are received where VAT is payable. • RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year and submits a claim for repayment annually
Income controls	<ul style="list-style-type: none"> • RFO ensures that amount of the precept received is in accordance with the precept request sent to Shropshire Council. • RFO ensures that the precept is received when due. • RFO ensures that other receipts (deposit interest, room hire/leases etc) are received when due and correctly calculated. • Individually numbered receipts are issued for income received and a copy kept. • Receipts are recorded on Scribe when received. • Income is banked promptly.
Financial reporting	A Budget control, comparing actual receipts and payments to the budget and the previous year is prepared on at least a monthly quarterly basis, presented to each Parish Council meeting and minuted.
Budgetary controls	<ul style="list-style-type: none"> • The budget is approved by the Parish Council before the end of the financial year preceding the year to which it relates. • The precept amount is identified following approval of the budget; the precept demand is issued to the billing authority by the date stipulated by the billing authority.
Payroll controls	<ul style="list-style-type: none"> • The Clerk is an employee and the RFO must register the Council with HMRC online; • DM Malley Payroll services have been contracted to undertake payroll duties for the council and are responsible for reporting PAYE & NI monthly. • Parish Council staff salaries are set by the Council and a minute is prepared to show any agreed salary or pay increase. • The salary is paid by BACS transfer. • The RFO will ensure that all the necessary payroll returns/payments are made to HMRC and will retain evidence that this has been done. • The RFO will act for the Parish Council regarding Pension duties and will work with the member appointed as the employer's contact.
Office and staff expenses	<ul style="list-style-type: none"> • Parish Council staff submit an invoice for reimbursement of monies owing by way of an expense account, in advance of each meeting • The expenses cover a contribution towards the cost of maintaining an office where staff work from home and any out of pocket expenses as well as mileage expenses, as laid down by joint SLCC/NALC guidelines • Expenses are paid by BACS with monthly salaries and the expense sheet treated as an invoice for accounting purposes
Asset Control	<ul style="list-style-type: none"> • The RFO maintains a full asset register • The existence and condition of assets is checked on an annual basis by a member of the Parish Council/Parish Council staff • The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal

Agreed at the meeting of Pontesbury Parish Council

Date: 23rd October 2025

Date of review of this policy: October 2026