Reedham Parish Council

Annual Review of the Effectiveness of Internal Control

The Accounts and Audit Regulations 2015:

Responsibility for internal control

3. A relevant authority must ensure that it has a sound system of internal control which—

(a)facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b)ensures that the financial and operational management of the authority is effective; and

(c)includes effective arrangements for the management of risk.

Local Councils are required to review the effectiveness of the internal control system at least once a year

Internal Control:

The system of internal control is designed to reduce the financial risk of the Parish Council to an acceptable level.

Financial Management:

The Parish Council has approved a set of financial standing orders which set out the way that Council's finances are to be managed. These are reviewed and approved once a year.

The clerk is the responsible financial officer and is responsible for the day-to-day financial management of the Council. The duties of the responsible financial officer are reviewed and approved once a year. The RFO shall report all payments to the Council.

On or before the January meeting, the Council shall review the budget in detail and shall decide on the precept for the forthcoming year.

Banking:

Unity Bank plc are the Parish Council's approved banking providers.
Signatories to the bank account to be approved annually and must consist of at least two authorised signatories to authorise all payments and other instructions to the bank. Authorised signatories may view accounts and approve payments.

The clerk may carry out transfers within the Parish Council's bank accounts.

Payments:

• Depending upon the nature of the supply, all invoices are checked by the Clerk/RFO to confirm that the goods or services have been received, that the price is correctly quoted, invoices are addressed to the Parish Council, VAT is correctly identified and there is a corresponding order, invoice or authority for the purchase/supply.

• All payments are listed on a payment schedule for presentation to the Full Council meeting of the Parish Council for authorisation. Any payment made between meetings, in accordance with the provisions of the financial regulations, are reported at the next available full council meeting.

• Payments are made electronically wherever possible and are uploaded to the bank by the Clerk/RFO at least monthly in accordance with the payment schedule as presented to the meeting.

• All payments, whether electronic or by cheque, are authorised by at least two signatories and records of those authorising are available through the banking records.

• Where payment by direct debit is required by a supplier, payments are reviewed and authorised on an annual basis by Full Council.

• Standing Order payments are authorised by full council annually.

• Amendments to payee bank details must be authorised by two cheque signatories in accordance with bank payment systems.

• Where payments are made by cheque the cheque signatory shall check and initial the supporting document at the time of signing to ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice. The cheque stub should also be initialled to record that the name on the cheque stub is the same as that on the cheque.

• Where meetings are held virtually the RFO will email the payment schedule, and a copy of each invoice to be paid, to the Councillors, at a minimum, 2 days before the meeting.

Receipts:

• Receipts generally consist of the payment of the annual precept, VAT reclaim, and any grant receipts which are paid directly into the Parish Council bank account.

• The Clerk/RFO checks each receipt against amounts expected, that they are correctly calculated and received when due.

• Any income received other than directly into the account must be banked within 7 days of receipt.

VAT:

• Clerk/RFO checks all invoices are addressed to the Parish Council and that VAT is correctly calculated and shown separately

• A separate record for VAT paid (and received) is maintained and at least annually a claim made under VAT126 to reclaim VAT on non-business activities and reported to the Parish Council.

Internal Control Checks

Internal controls will include the checking of routine financial procedures, the examination of financial comparisons, the recording of assets, the identification of risk, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage risks efficiently, effectively and economically. A check sheet (Appendix 1) is provided for this purpose.

Reedham Parish Council will carry out internal control checks at least twice a year, including at the end of the financial year. These checks will be carried out by a Councillor other than those who are signatories to the bank account.

Internal audit:

The Council has appointed an independent and competent internal auditor and carries out a review of the effectiveness of the internal audit once a year. The auditor reports their findings to the full Council and completes the Annual Internal Audit Report section of the Annual Return.

External audit:

The Parish Council is required to submit the relevant paperwork for the Annual Governance and Accounting Return relating to the financial year ending 31st March in a prescribed format to external auditors for review, no later than 30th June.

The Council's external auditors are PKF Littlejohn, who complete Section 3 of the Annual Return; their comments and recommendations are reported to the full Council.

Review:

This review shall be carried out once a year and recorded in the Council's minutes.

Signed: David Hale

Chairman

Dated: 13th April 2026

Signed: Stephanie Shackleton

Responsible Financial Officer

Dated: 13th April 2026

REEDHAM PARISH COUNCIL INTERNAL CONTROLS CHECKLIST	YES	NO	COMMENTS
CHECKS			
Accounting records, ie cash book: **Is the cash book being kept up to date?** **Cross reference it 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?**			
Allotment rents**:** **Rent letter sent out and rents received in a timely matter?** **Tenancy agreements issued?**			
Surplus balances**:** **Are surplus deposits placed in a suitable interest-earning bank account?**			
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 stationery and supplies: **Commensurate with the usage requirements of the council?**			
Internet banking: **Checks implemented by the council being adhered to?**			
Petty Cash: **Properly controlled and recorded**			
Tax and NI liabilities: **HMRC liabilities met? P32s checked on the council's HMRC Gateway?** **Real Time Information reporting done on time? (so as not to incur financial penalties for the council)**.			
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: ………………………………………………			