FREETHORPE
PARISH COUNCIL
serving Freethorpe and Wickhampton

STATEMENT OF INTERNAL CONTROLS

Financial Year 2026-27

1. SCOPE OF RESPONSIBILITY

Freethorpe 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.

The council is responsible for ensuring that 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.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council:
The council reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the council approves the level of precept for the following financial year.

The full council meets 10 times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the clerk.

The council carries out regular reviews of its internal controls, systems and procedures. See attached appendix (checklist).

Clerk to the council/responsible finance officer:
The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for

advising on the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Cash Book/Bank Reconciliations

• The cash book is kept electronically, maintained up to date from original documents (cash received, invoices, payments and direct debits made and cheques as they are prepared).

• The cash book is reconciled to the bank statement monthly.

• A summary sheet with budget against actual expenditure and income is presented at each Parish Council meeting for reference. This is signed by the Chairman and filed as part of the minutes. The bank statement is also signed, which shows the reconciliation between account balance and bank balance.

• The payments and receipts are reviewed and approved at each Parish Council meeting. The bank reconciliation is circulated by email before every full Parish Council meeting and noted at Council.

• All payments are reported at each council before they are made unless the Responsible Finance Officer (RFO) has dispensation to make the payment outside the meeting in which case it will be reported at the first meeting after the payment is made (Financial Regulations 4.1 and 4.6)

Financial Regulations

• The Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer.

• Official orders are sent to suppliers for services which are not regular in nature, usually by email.

Payment Controls

• Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.

• Payments will be listed in the cash books and in accounts files.

• All invoices for payment are listed and presented at the Council meeting. The expenditure is authorised for payment.

• Payments made are listed with the minutes of the meeting as an attachment.

• Cheques will be signed by two Parish Councillor signatories, who are authorised to sign on the council's bank mandate. The signatories should initial cheque counterfoil. No officer can sign cheques.

• The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings, unless an urgent situation arises

• All invoices are paid by cheque, and are identified by the cheque number and referenced in the cashbook by the cheque number. This is cross checked with the bank statements.

• Where payments are made by cheque, DD, BACS or standing order, original invoices are available at physical meetings for Councillors.

• New assets are reported promptly to the insurance company.

VAT Repayment Claims

- The RFO ensures that all invoices are addressed to the Parish 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.
- The RFO reclaims the VAT from HMRC on an annual basis, in August.

Income Controls

- The RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the District Council.
- The RFO ensures that the precept instalments are received when due.
- The RFO ensures that other receipts are received when due and correctly calculated.
- Receipts are issued for cash received.
- Income is banked promptly.

Financial Reporting

- A budget control, comparing actual receipts and payments to the budget, is prepared on a monthly basis and presented to the Parish Council at every meeting.
- The budget is prepared in consultation with the Parish Council.

Payroll Controls

- All staff are paid under PAYE as employees and the necessary system for HMRC RTI is in place.
- All salaries are set in staff contracts.
- Payroll is managed by the Norfolk Association of Local Councils Payroll Service, which calculates pay, produces payslip and sends RTI return to HMRC. The service also calculates the pay award and arrears.
- A standing order was set up to make a monthly salary payment of £207.33 to the clerk (the net pay as of April 2024). An end of year adjustment is made each March to take account of pay award, arrears and any variations in the PAYE calculated. The calculation is presented to the March meeting of the Parish Council and the difference between the calculated pay reported to HMRC and the sum of the monthly standing order payments is paid to the clerk by cheque.
- The Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.
- All Workplace Pensions regulations are adhered to by the Clerk.

Staff Expenses

- Staff submit a request for reimbursement of monies owing by way of an expense list at each meeting, along with receipts. This may also be done annually at the March meeting, along with the salary adjustment.
- Expenses are paid by cheque and the expense list treated as an invoice for accounting purposes.

Petty Cash

- None

Purchase Card

• None

Asset Control
• The RFO maintains a full asset register.
• The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

Risk Assessments/Risk Management:

The council reviews its risk assessment annually in May, and regularly reviews its systems and controls.

Internal Audit:

The council appoints an independent internal auditor who reports to the council on a quarterly basis on the adequacy of its records, procedures, systems, internal control, regulations and risk management.

External Audit:

The council's external auditors, submit an annual certificate of audit which is presented to the Council.

4. REVIEW OF EFFECTIVENESS

The council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council, which should also approve the Statement on Internal Control.

-------------------------------------- Chairman

-------------------------------------- RFO/Clerk

Approved and adopted by Freethorpe Parish Council, dated 23rd MARCH 2026.

APPENDIX : CHECKLIST

Control Test	Comments	Checked
Up to date Asset Register		Annual
Annual review of risk register and adequacy of insurance cover		Annual
Annual review and adoption of Standing Orders & Financial Regulations		Annual
Annual review of Budget for next financial year		Annual
Monthly bank reconciliation		Monthly
Proof of payments with approved invoices, authorised and minuted		Monthly
Proof of receipts supported by remittance advice		Monthly
Ensure precept received is as requested		On receipt
VAT correctly accounted for		Monthly
Contract of employment for staff		Ongoing
Regular financial and budget reviews		Monthly
Council minutes numbered, signed by chair, filed and published		Monthly
Quarterly councillor finance checks carried out.		Quarterly
Bank statements reviewed and signed		Monthly