



Internal Control Policy for the year ending 31 March 2027

1 Scope of Responsibility

Scarning Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for; and used economically, efficiently and effectively.

Regulation 3 of the Accounts and Audit Regulations 2015 states that 'a relevant authority must ensure that it has a sound system of internal control which:-

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective;
- includes effective arrangements for the management of risk.'

In discharging its overall responsibilities, the Council is also 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 and reduce financial risk to the Parish Council. It is designed to ensure that the Council's activities are carried out properly and as intended.

Internal controls are set up by the Responsible Financial Officer (RFO), but it falls on the Parish Council, as a corporate body, to ensure that it has a degree of control and understanding of those controls.

Controls include the checking of routine financial transactions and procedures; the examination of financial comparisons; the recording of assets and liabilities; and the identification of risk.

The Council must evaluate those risks and the impact should those risks be realised; and to manage them efficiently, effectively and economically.

3. Responsibility for Internal Control

3.1 The Council:

The Council's system of Internal Control is ancillary to and underpins its Financial Regulations and Standing Orders. All decisions made by the Parish Council must be in accordance with its Standing Orders and Financial Regulations. All payments are made in accordance with the Council's Standing Orders and Financial Regulations. The Council agrees the payments made each month. A summary of the annual checks carried out by the Council can be found as Appendix A.

The Council is responsible for setting the Precept. The Council prepares its Budget each year. The Council receives a financial statement from the RFO showing its Actual expenditure against its Budgeted expenditure. This is submitted to Council meetings at least six times a year.

The Council is internally audited each year by an independent Internal Auditor. The Clerk/RFO submits all the requested information to the Internal Auditor by the required date.

The Council is externally audited each year by an independent External Auditor. The Clerk/RFO submits all the requested information to the External Auditor by the required date.

The Council retains all relevant documents relating to the financial year for seven years (Annual Return, VAT Returns, PAYE/NIC information, Public notices, Asset Register, Risk Assessment reports; accounts and supporting information).

3.2 Clerk to the Council/Responsible Financial Officer:

The Parish Clerk is the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances. The Clerk is responsible for the day to day compliance with laws and regulations that the Parish Council is subject to; and for managing risks. The Clerk ensures that the Council's procedures, control systems and polices are properly maintained. The Clerk/RFO arranges for the Public Notices to be displayed.

3.3 Internal Auditor:

The Council appoints an independent and competent Internal Auditor who reports to the Council on the adequacy of its:

- records
- procedures
- systems
- internal control
- regulations
- risk management
- reviews

The effectiveness of the Internal Audit is reviewed annually, and the Council agrees the appointment of the Internal Auditor. The Internal Auditor, who is competent and independent, is advised of the scope of the work required by the Council. The appointment is minuted.

The Internal Auditor inspects the accounts and at the year end (prior to completion of the Annual Return) and completes the relevant section of the Annual Return.

The Internal Auditor writes a separate report to the Council detailing any findings. The report is copied to all members of the Council and considered as an agenda item. Recommendations from the report are recorded in the minutes and action taken as necessary.

3.4 External Auditor

The Council's External Auditor is appointed in accordance with the current statutory accounting and audit framework.

A copy of the External Auditor's Report is presented to the Council. Recommendations from the report are recorded in the minutes and action taken as necessary.

3.5 Internal Control Officer

The Council appoints an Internal Control Officer to monitor progress against objectives; financial systems and procedures; and budgetary control. The Internal Control Officer carries out regular reviews of financial matters. The Council receives reports from the Internal Officer and monitors progress against its aims and objectives.

The Internal Control Officer is appointed annually at the Council's May meeting. The Internal Control Officer must not be a bank signatory.

The Internal Control Officer checks the financial activities of the Council over the course of the financial year on a sample basis. Regular activities are included at each quarterly check, with other activities being included at least once a year (see Appendix B for copies of the quarterly checks). Checks are reported to the next Council meeting.

Regular Activity Checks

The Internal Control Officer inspects at least four payments during each quarter.

Payments are checked as follows:-

To ensure the invoice total matches the invoice countersigned by two signatories. That the payment has been advised to the Council and authorised.

Receipts are checked as follows:-

The amount is correct.

The payment has been banked.

The receipt has been advised to the Council.

Bank Transfers are checked as follows:-

The amount debited from the Council's interest-bearing account has been credited to its Current Account.

Control Check Calendar

Check 1 (first quarter of the financial year) ie April-June

Check 2 (second quarter of the financial year) ie July-September

Check 3 (third quarter of the financial year) ie October-December

Check 4 (fourth quarter of the financial year) ie January-March

4. Financial Regulations

The Council's Financial Regulations are reviewed for continued relevance and amended as necessary.

5. Order/Tender Controls

The Council's Financial Regulations list the number of estimates, quotes, or full tenders that must be invited from contractors, depending on the value and nature of the work.

6. Risk Management Policy

The Council reviews its Risk Management policy annually. The policy includes a separate section headed Financial Risk Assessment.

7. Accounting Procedures

7.1 Cash Book

The cash book is kept electronically (in spreadsheet format) and maintained up to date from original documents. The cash book is reconciled to the bank statements monthly.

7.2 Payments

Payments are made in accordance with the Council's Standing Orders and Financial Regulations.

The Council uses online banking. Two signatories make the payments online. One of these signatories is the Clerk/RFO. The Clerk/RFO sets the bank payments and does not make the final approval/confirmation of the payment. This is carried out by a second signatory. The signatories ensure that the payment agrees with the amount of the invoice and the payee named on the invoice. The two signatories initial the invoices as confirmation of the payment.

The Council occasionally makes payments by cheque. Two signatories sign cheques. The signatories ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice. The signatories initial the cheque stubs and invoices as confirmation of the payment. The Clerk maintains control of the cheque book.

All invoices for payment are listed on the meeting agenda where the expenditure is authorised for payment. Payments made are listed in the minutes of the meeting. Invoices are available to all councillors.

7.3 Bank Transfers

The Clerk/RFO is authorised to transfer funds from the Council's Scottish Widows account to its Barclays current account. Transfers cannot be made to third party accounts outside of the bank accounts in any form.

7.4 Vat Repayments

The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable and maintains a separate VAT account to ensure that the correct amount of VAT is reclaimed at least once a year. The Clerk/RFO ensures that all invoices are addressed to the Parish Council in accordance with HMRC's requirements for the reimbursement of VAT paid.

7.5 Cash

The Council does not hold cash. In the event of cash being paid to the Council it is the responsibility of the Clerk/RFO to bank it as soon as possible. Cash should not be held for more than three working days. Any cash receipts are reported to the Council.

7.6 Income Controls

The Clerk/RFO ensures that the amount of the Precept received matches the Precept request sent to Breckland Council. The Clerk/RFO ensures that all other receipts are received when due. This includes rent from the former Broadway Allotment site, peppercorn rent from Scarning Playing Field Committee and rent from the former Highway Surveyors land at Chapel Lane.

7.7 Salary and Expenses

The Council has one employee, the Clerk/RFO. The Clerk/RFO's salary is paid by monthly Standing Order. Payment is made in accordance with a salary slip provided by the Council's payroll service provider. Mileage and any other expenses are reimbursed in accordance with rates approved by the Council and on the production of relevant receipts and records.

7.8 Budget

The Council approves the annual Budget. At its November meeting the Council considers a draft document prepared by the Clerk/RFO. The final decision on the Budget is taken by the Council no later than January of each financial year.

7.9 Budgetary Control

The Council receives a financial statement comparing its actual expenditure against its budgeted expenditure at its Council meetings at least six times a year. The statement includes a bank reconciliation.

8. Asset Management

The Clerk/RFO maintains the Council's Asset Register. This is updated as necessary. The existence and condition of the Council's assets is checked on an annual and periodic basis. The adequacy of insurance of the Council's assets is considered annually in advance of the insurance renewal. No assets shall be sold, leased or otherwise disposed of without the authority of the Council. A separate Risk Assessment report of the Council's assets is submitted to the Council annually.

9. Review of Effectiveness

The Parish Council is responsible for conducting, at least annually, a 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 and any issues are identified by:

The full Council through the identification of new activities and any associated risks.

The Internal Control Officer through regular reports made to the Council.

The Clerk/RFO, who has responsibility for the development and maintenance of the internal control procedures and managing risks.

The Internal Auditor, who reviews the Council's system of internal control. The Internal Auditor submits a written report to the Council (in addition to completing the relevant section in the Annual Return). The Council takes appropriate action arising from reports.

The External Auditor, who makes the final check using the Annual Return, a form completed and signed on behalf of the Parish Council by the RFO, Chair and Internal Auditor. The External Auditor issues an annual audit certificate and the Council takes appropriate action arising from the report.

10. Significant Internal Control Issues

The significant internal control issues identified by the Internal Auditor during the financial year to 31st March 2025 were:

None.

Action taken was:

N/a.

11. Annual Return

There were no matters raised by the External Auditor on the Annual Return for the financial year to 31st March 2025.

Action to be taken in next Annual Return:

N/a.

Approved: March 2026.

Next review: March 2027.

The Parish Council annually:-

- i. Considers and amends its Internal Control Policy as necessary.
- ii. Reviews its Risk Management Policy.
- iii. Assesses the effectiveness of its Internal Audit arrangements.
- iv. Appoints an Internal Control Officer.
- v. Appoints an independent and competent Internal Auditor
- vi. Considers the Internal Auditor's report and formalises any necessary action plan.
- vii. Considers, completes and signs the Annual Return.
- viii. Reviews the effectiveness of its banking arrangements.
- ix. Considers its Insurance policy and whether an alternative insurance provider should be sought.
- x. Considers a Risk Assessment of Assets Report prepared by the Clerk. The report includes a copy of the Asset Register.
- xi. Approves its Budget and Precept for each financial year.
- xii. Provides training as required for the Clerk/RFO and councillors
- xiii. Provides adequate resources to complete the above.

Appendix B

Internal Control Officer's Report

CHECK 1 (first quarter of the financial year) ie April-June

1. Please check at least four payments and all receipts

Payments

- 1 DatePayee.....Value.....
- 2 Date.....Payee.....Value.....
- 3 Date.....Payee.....Value.....
- 4 Date.....Payee.....Value.....

Receipts

- 1 Date.....From.....Value.....
- 2 Date.....From.....Value.....

2. Has the Cashbook been checked against the bank statements ?

Yes/No

3. Have the audited accounts for the year been presented to the Council for approval

Yes/No Date of meeting.....

4. Has the Annual Return been presented to the Council ?

Yes/No Date of meeting.....

5. Has a report from the Internal Auditor been presented to the Council ?

Yes/No Date of meeting.....

6. Has the rent re Fir Acre been received ?

Yes/No Date received.....

7. Has the rent for the Shipdham Lane playing field been received ?

Yes/No Date received.....

8. Has the bank reconciliation been checked against the bank statements ? Yes/No

9. Have any bank transfers been crosschecked ?

Yes/No

Reported to the Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.

Internal Control Officer's Report

CHECK 2 (second quarter of the financial year) ie July-September

1. Please check at least four payments and all receipts (**CHECK THE PAYMENTS FROM THE BANK STATEMENTS TO THE INVOICES**)

Payments

- 1 DatePayee.....Value.....
- 2 Date.....Payee.....Value.....
- 3 Date.....Payee.....Value.....
- 4 Date.....Payee.....Value.....

Receipts

- 1 Date.....From.....Value.....
- 2 Date.....From.....Value.....

2. Has the Cashbook been checked against the bank statements ?

Yes/No

3. Has the bank reconciliation been checked against the bank statements ? Yes/No

4. Have any bank transfers been crosschecked ? Yes/No

5. Is the Council in line with its budget for the financial year ? Yes/No

Any other comments

Reported to the Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.

Internal Control Officer's Report

CHECK 3 (third quarter of the financial year) ie October-December

1. Please check at least four payments and all receipts

Payments

1 DatePayee.....Value.....
2 Date.....Payee.....Value.....
3 Date.....Payee.....Value.....
4 Date.....Payee.....Value.....

Receipts

1 Date.....From.....Value.....
2 Date.....From.....Value.....

2. Has the Cashbook been checked against the bank statements ?

Yes/No

3. Has the bank reconciliation been checked against the bank statements ? Yes/No.

4. Has the rent in respect of the former Broadway Allotment been paid and banked ?

Yes/No Date payment banked.....

5. Has the rent in respect of the former Highway Surveyors land (Chapel Lane) been paid and banked ?

Yes/No Date payment banked.....

6. Has the rent in respect of the former Highway Surveyors Land (Daffy Green) been received

Yes/No Date payment banked.....

7. Have any bank transfers been crosschecked ? Yes/No.

8. Is the Council in line with its budget for the financial year ? Yes/No

Reported to the Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.

Internal Control Officer's Report

CHECK 4 (fourth quarter of the financial year) ie January-March

1. Please check at least four payments and all receipts

Payments

1 DatePayee.....Value.....
2 Date.....Payee.....Value.....
3 Date.....Payee.....Value.....
4 Date.....Payee.....Value.....

Receipts

1 Date.....From.....Value.....
2 Date.....From.....Value.....

2. Has the Cashbook been checked against the bank statements ?
Yes/No

3. Has the bank reconciliation been checked against the bank statements ? Yes/No

4. Have any bank transfers been crosschecked ? Yes/No

5. Is the Council in line with its budget for the financial year ? Yes/No

Any other comments

Reported to the Council Meeting on.....

Signature.....Date.....

It is at the discretion of the ICO to contact one or more payees/contractors to confirm that payment has been made to them in accordance with the Council's records.