

LAVERSTOCK & FORD PARISH COUNCIL

Report for Agenda Item PC26.063 Review of Effectiveness of Internal Controls

Subject: Review of Effectiveness of Internal Controls
Date: 12th May 2026
Author: Andrew Prince, RFO

1. Report Summary.

- 1.1 This report outlines the measures taken by the Council for the internal control of its finances in order that they can be reviewed and confirmed prior to approving the Annual Governance Statement Assertion 2. No changes to procedure have been made during the previous year.

2. Background.

- 2.1 The Accounts and Audit Regulations 2015, Regulation 3 states that the Council must ensure that it has a sound system of internal control. Regulation 6 states that the Council shall conduct a review of the effectiveness of the system of internal control each financial year.
- 2.2 The Smaller Authorities Proper Practices Panel's (SAPPP) Practitioners' Guide lists the processes that need to be in place.

3. Review of Effectiveness of Internal Control

- 3.1 The Council is required to have Standing Orders and Financial Regulations that are both regularly reviewed. Financial Regulations were amended and approved in February 2026.
- 3.2 The following summary of processes explains how the Council complies with Financial Regulations 2026 and how they ensure the effectiveness of the system of internal control.
 - 3.2.1 **Section 1: General.** The RFO produces accounting records using the online Scribe Accounting system. These are updated at least monthly and are presented to a member of the Finance and General Purposes Committee (FGP) prior to every Council meeting. All members of FGP have read-only access to Scribe. The Council approves the accounts every month.
 - 3.2.2 **Section 2: Risk Management and Internal Control.** The Clerk with the RFO shall prepare a risk management policy covering all activities of the Council. This shall be reviewed by the Council annually. The Risk Management Policy was rewritten as the Risk Register and approved by Council in March 2026. Section 2 lists the actions that the RFO shall take to minimise risk and prevent fraud.
 - 3.2.3 **Section 3: Accounting and Audit.** The RFO and Clerk meet with the Internal Auditor annually to review all records and processes. The Internal Auditor has read-only access to the Council's Scribe Accounting system and

uses this facility to monitor all aspects of the Council's finances including the preparation of the annual Accounting Statements.

3.2.4 Section 4: Budget and Precept. The RFO produces a draft budget in early December for consideration by the Finance and General Purposes Committee. A final budget proposal is presented for the approval of the Council in December or early January. Expenditure against the budgetary provision is monitored and reported monthly.

3.2.5 Section 5: Procurement. All purchases comply with the procurement rules in Financial Regulations. All purchases over £100, except those made by Debit Card, require a Purchase Order that can only be issued by the RFO. No member will make a contract or order.

3.2.6 Section 6: Banking Arrangements and Authorisation of Payments. Banking arrangements including mandates and signatory access are made by the RFO and approved by Council. The RFO produces a monthly schedule of payments with supporting invoices and other documents. This is signed by a member of the Finance and General Purposes Committee and authorised by Council.

Most payments are made by BACS but they can also be made by debit card or by cheque. BACS payments are checked and approved by two members of the Finance and General Purposes Committee. Debit card payments are checked and authorised by the Council after payment except when they are over £1,000 when prior approval is required. Cheques require three signatures by authorised councillors.

3.2.7 Section 7: Electronic Payments. The RFO is the Service Administrator for all internet banking arrangements. In the RFOs absence the duty can be fulfilled by the Clerk or Deputy Clerk. At least four Councillors shall be authorised to approve online payments and two shall approve every payment. No payments, except those made by Debit Card, will be made without having first been entered on the Council's accounting system.

3.2.8 Section 8: Cheque Payments. All cheque payments will be entered on the accounting system and be authorised by Council before payment. Three Councillors must sign and approve every cheque.

3.2.9 Section 9: Payment Cards. Debit cards are issued for use by the Clerk, the Deputy Clerk and the RFO. All purchases are examined by a member of the Finance and General Purposes and authorised retrospectively by the Council. There is a £1,000 limit on each transaction.

3.2.10 Section 10: Petty Cash. The Council does not maintain any form of cash float. All cash received is banked intact.

3.2.11 Section 11: Payment of salaries and allowances. Salary payments are made at the same time as other BACS payments and checked and approved by two members of the Finance and General Purposes Committee. The rates of pay are approved by the Council. All deductions including tax, national insurance and pensions are calculated by a contracted professional

payroll provider and checked by the RFO. Councillor allowances are paid at a rate approved by Wiltshire Council and are processed through the payroll.

3.2.12 **Section 12: Loans and Investments.** The Council has no borrowings. Investments comply with an approved Annual Investment Strategy.

3.2.13 **Section 13: Income.** The RFO is responsible for monitoring income and invoicing when required. Cash is not held or accepted as a method of payment.

4. **Recommendation.**

- 4.1 That the Council confirms that all processes and procedures are in accordance with Financial Regulations and that it has conducted a review of the effectiveness of the system of internal control required by regulations 3 and 6 of The Accounts and Audit Regulations 2015.