

Shawbury Parish Council

Statement of Internal Controls

1. Purpose and Responsibilities

Shawbury Parish Council is responsible for ensuring its business is conducted in accordance with the law and proper standards. This includes ensuring that public money is safeguarded, used economically, and properly accounted for. The Council is responsible for managing all financial risks and maintaining an effective system of internal control.

2. Internal Control System

The system of internal control is designed to manage risk to a reasonable level rather than eliminate it entirely. It follows best practices from the current **Governance and Accountability Guide** and serves as an operational document to be read alongside the Council's **Financial Regulations**.

2.1 Roles and Delegation

Full Council:

- Sets the budget and precept each January.
- Reviews and updates Standing Orders and Financial Regulations annually in May.
- Approves all payments and ensures they stay within the set budget.
- Reviews the Council's action plan and overall effectiveness of internal controls.

Finance Committee:

- Reviews the draft budget and recommends the final version to Full Council.
- Examines quarterly financial monitoring information.
- Ensures bank reconciliations and internal control checks are performed.
- Reviews the Annual Governance and Accountability Return (AGAR) following internal audit.
- **Parish Clerk / Responsible Financial Officer (RFO):**
 - Acts as the Council's advisor and administrator.
 - Handles daily compliance, risk management, and financial administration.
 - Develops the draft budget and provides quarterly reports of actual spending against budget.

3. Financial Procedures and Payments

3.1 Payment Approvals

- All payments must be approved by the Council and recorded in the meeting minutes.
- Every payment is allocated a unique reference number and checked for the appropriate legal power to spend.

- Receipt of goods or services must be confirmed and invoices checked arithmetically before payment.

3.2 Online Banking Process

- The Council uses **Unity Trust Bank** for online payments.
- **Preparation:** The Clerk/RFO uploads payments but cannot authorise transactions.
- **Verification:** Authorising Councillors receive scanned invoices, a list of approved payments, and a banking screenshot of pending transactions annotated with unique references.
- **Authorisation:** Two authorised signatories must approve every online payment.
- **New Payees:** Bank details for new suppliers are shared with authorisers, and the bank's system performs automated payee checks. This is in addition to the telephone verification carried out by the RFO on receipt of a new supplier's invoice or change of banking details notification.

3.3 Signatories

- The Council maintains a minimum of **three signatories** (Chair, Vice-Chair, and one additional non-Finance Committee Councillor) to ensure business continuity.
- Cheque payments, if used, are signed by two Councillors who also initial the counterfoil.

4. Specific Controls

Category	Procedure Summary
Payroll	Managed by an external provider (Heywoods Accounting Services). Salaries and deductions are recorded in minutes and supported by payslips.
Cashbook	The RFO uses EasyPC. Data is stored online and backed up to servers in the UK. Signatories, internal auditor and members of the Finance Sub-Committee hold read-only access to the software.
Bank Reconciliation	A non-signing Councillor checks and signs off reconciliations monthly. The Clerk provides statements and cashbook balances for review one week before meetings.
VAT	Tracked via EasyPC Accounts software and reclaimed at least annually (usually in March).
Contracts	Rules for quotes and tenders are followed based on contract amounts as per Financial Regulations.
Assets	All assets are recorded in an asset register and updated regularly.
Petty Cash	No petty cash is held.
Risk & Insurance	Risk assessments and business continuity are reviewed annually; insurance is renewed every year.

Adopted	March 2026
Review Frequency	Annually at Annual Parish Council Meeting
Next Review due	May 2026

Appendix A

Internal Control Checklist for Nominated Councillor

This check should be performed at least one week before each Full Council meeting.

1. Documentation Review

- Verify that the Clerk/RFO provided the previous month's minutes showing all approved payments.
- Review evidence for any additional payments made under delegated powers since the last meeting
- Inspect the bank statements provided for all accounts (Current and Savings).
- Review the bank reconciliation sheets provided by the Clerk/RFO.

2. Financial Verification

- Confirm the cashbook balance matches the total bank balance minus any outstanding (unpresented) payments.
- Check that a small working balance is maintained in the current account, with the remainder moved to the savings account to maximise interest.
- Verify that a unique reference number has been allocated to each new payment.

3. Final Certification

- Initial the bank reconciliation spreadsheet on behalf of the Council to confirm the check is complete.
- Prepare to confirm to the Full Council during the meeting that the reconciliation is accurate.