



## INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2025

### 1. SCOPE OF RESPONSIBILITY

Martlesham 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.

Internal controls include the checking of routine financial procedures, examination of financial comparisons and the recording of assets and liabilities. It will also include identification and evaluation of risks, to enable risk to be managed efficiently, effectively, and economically.

### 3. THE INTERNAL CONTROL ENVIRONMENT

The Council have adopted Financial Regulations which set parameters for the Council's financial operations. These are reviewed and approved at the Council's Annual Meeting in May each year. The Council also carries out an annual review of identified key risks and how they are addressed via agreed internal control procedures.

**The Council is responsible for:**

- Establishing and monitoring the achievements of the authority's objectives.
- The facilitation of policy and decision making.
- Ensuring compliance with established policies, procedures, laws, and regulations.
- Identification and management of risk.
- Ensuring that best value and value for money are achieved in all purchases.

- Ensuring performance is regularly monitored against financial and operational budgets.
- Control and reports on the financial management of 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 Council has appointed a Finance & General Purposes Committee (F&GPC). The Committee meet four times during the financial year. Members of the Committee monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of the meetings of the Committee are circulated to all members of the Council.

A Councillor is appointed to have responsibility for bank reconciliation checks.

The full council meets ten times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Finance & General Purposes Committee and the Parish Clerk and the Responsible Finance Officer (RFO).

The council carries out regular reviews of its internal controls, systems and procedures. See attached Report.

**The Clerk to the Council and RFO are responsible for:**

- Administering the Council's finances.
- Ensuring day to day compliance with the law and regulations that the Council is subject to and for managing risks.
- Ensuring that the Council's procedures, control systems and policies are adhered to.

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. A Responsible Finance Officer is appointed 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 and RFO provide advice to help the Council ensure that its procedures, control systems and policies are adhered to.

**Risk Assessments/Risk Management:**

The council reviews its risk assessment annually in November following a review by the F&GPC in October, and regularly reviews its systems and controls.

**Internal Audit:**

The council appoints an independent and competent internal auditor who reports to the council on an annual basis on the adequacy of its:

- Records, procedures and systems
- Book-keeping and bank reconciliations
- Financial regulations and standing Orders

- Budgetary controls
- Asset management
- Payment controls
- Risk management
- Statutory / regulatory compliance
- Regular reviews of the effectiveness of internal control.

#### **External Audit:**

The Council's External Auditors, appointed by the Smaller Authorities Audit Appointments Ltd (SAAA), carry out an annual review and submit an External Auditors Report, which is reported to the Council.

#### **4. REVIEW OF EFFECTIVENESS**

The Council is responsible for conducting an annual 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 of:

- The Finance & General Purposes Committee.
- The RFO who has the responsibility for the development and maintenance of the internal control environment and managing risks.
- The independent Internal Auditor who reviews the Council's system of internal control.
- The External Auditor, who makes the final check using the Annual Return and issues an annual audit report (part 3 of the Annual Governance and Accountability Return).
- The number of significant issues that are raised during the year.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

#### **LIST OF INTERNAL CONTROL PROCEDURES:**

##### **Cash Book/Bank reconciliations**

- The cash book is kept electronically within a database, maintained up to date from original documents (cash received, invoices, payments made and cheques as they are prepared).
- The cash book is reconciled to the bank statement monthly.
- Reconciled accounts are presented at each Parish Council meeting for reference and the bank reconciliation approved by the Council.
- Once in each quarter, and at each financial year end, a member other than a bank signatory shall verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this.
- The cash books, payments and receipts, and bank reconciliation are reviewed by a member of the Parish Council, with reference to the underlying records (bank statements and approved payments lists plus copies of accounts papers etc) at least biannually.
- The latest financial position and movements on the Parish Council's cash balances are reported at each council meeting.

- An appointed Finance & General Purposes Committee carry out detailed reviews of the accounts three times per year.
- An internal audit provided by an externally appointed party is carried out annually.

#### **Financial Regulations & Standing Orders**

- The Parish Council has adopted financial regulations and standing orders, based on the model versions prepared by NALC/SLCC.
- The regulations and orders are reviewed for continued relevance at least annually and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council.

#### **Order/Tender controls**

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

#### **Payment controls**

- The RFO checks the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- Payments will be listed in date order in the cash books and in accounts files wherever possible.
- All invoices for payment are listed on the report tabled at a meeting where the expenditure is to be authorised for payment.
- Payments made are included in the minutes of the meeting.
- Original invoices are available for Councillors to check and sign and authorise the payments.
- Electronic payments will be authorised by two councillors prior to payments being made, set up by the Clerk/RFO as the Service Administrator and authorised online by a signatory. Cheques will be signed by two councillors, who are authorised to sign on the Council's bank mandate.
- The RFO is authorised to transfer funds from one account to another.
- The RFO maintains control of the cheque book at all times.
- Electronic payments will only be made, and cheques will only be issued and when authorised at Council or Committee meetings except for special circumstances as outlined in the Financial Regulations.

#### **Payments made under section 137 of the 1972 LGA**

- The RFO calculates the maximum amount of s137 expenditure able to be made each year and ensures that it is not exceeded.
- Where requests for expenditure from s137 are made this is made clear at the meeting where the payment is to be approved.
- The proper minute authorising expenditure from s137 is prepared on each occasion.
- S137 payments are identifiable in the accounts.

**VAT repayment claims**

- RFO ensures that all invoices are addressed to the Parish Council.
- RFO ensures that proper VAT invoices are received where VAT is payable.
- RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

**Income controls**

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

**Budgetary controls**

- The budget is prepared in consultation with the Finance & General Purposes Committee and recommended to Full Council for review/ approval, as evidenced by reports and minutes in advance of the start of the year.
- The precept is set on the basis of the budget by the deadline set by East Suffolk Council.
- The budget is reviewed three times per year by the appointed Finance & General Purposes Committee.
- Budgetary overspends are usually covered by general reserves which are monitored quarterly and budgeted for annually.

### **Payroll controls**

- Staff contracts are prepared by the Personnel Working Group and agreed by the Full Council and reviewed and amended whenever necessary.
- Staff are paid under PAYE as an employee and the necessary system for HMRC RTI is in place.
- Staff's salaries are recommended by the Personnel Working Group to Full Council for approval and a minute is prepared to show the agreed salary. The salaries are paid by electronic payment on the third Friday of every month.
- The RFO will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

### **Office and staff expenses**

- Staff members submit a request for reimbursement of monies owing in advance of each meeting.
- The expenses cover any out-of-pocket expenses as well as motoring expenses as laid down by joint SLCC/NALC guidelines.
- Expenses are paid by electronic transfer.


### **Asset Control**

- The RFO maintains a full asset register which is reviewed annually by the Council.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

### **Risk Assessment**

- Risk assessments are carried out with varying intervals depending on the asset in question. The Council's risk management scheme is reviewed and approved annually by the Council.

The council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which includes a review of the effectiveness of internal audit undertaken annually in November.



Chairman



RFO/Clerk

Approved and adopted by Martlesham Parish Council

Meeting date: 4<sup>th</sup> June 2025

## MARTLESHAM PARISH COUNCIL

### INTERNAL CONTROL REPORT

The Accounts & Audit (England) Regulations 2015 aims to strengthen governance and accountability through requirements related to internal control and internal audit.

Whilst the Parish Council has reviewed the effectiveness of the internal audit (independence, competence, proportionate and scope), it has a requirement levied on it to ensure that its financial management is adequate and effective and that it has a sound system of internal control: -

‘The regulations require active participation by members in providing positive assurance to the electors of their stewardship of public money. The framework of accountability is risk-based i.e. level of control and management must be appropriate to the risk involved. The Council must determine the most appropriate method of internal control.... care should be taken to ensure that internal control tests are proportionate and relevant and that they are neither seen as, nor intended as, undue interference in the RFO’s day to day management of financial affairs.’

As part of its internal control, the Parish Council] has appointed a non-signatory Councillor to conduct a review of the system of internal control via the following tests on a quarterly basis with a written report of any findings to be submitted to the Council and minuted as received.

CONTROL TEST	TEST DONE	COMMENTS – check documents and initial
	Yes or No	
Ensuring an up-to-date Register of Assets	Yes	Finance & Admin Officer currently working on an up to date version which has now been put into a spreadsheet 21.05.25
Regular maintenance arrangement for physical assets	Yes	Wicksteed Leisure Ltd (inspection of all play equipment) March  SCL Land Maintenance Ltd – external physical assets and Office Staff internal physical assets – regular visual checks carried out and reported as required

Annual review of risk and the adequacy of Insurance cover	Yes	Risk Management Resolution (updated November 2024)  Insurance due for renewal September 2025
Annual review of financial risk	Yes	Risk Management Resolution (updated November 2024)
Awareness of Standing Orders and Financial regulations	Yes	Notified of updates required to Financial Regulations/Standing Orders from SALC/NALC (May 2025)
Adoption of Financial and Standing Orders	Yes	Annually updated and shared on the Parish Council Website.
Regular reporting on performance by contractors	Yes	Reports received from maintenance contractors when work carried out.  SCL – send monthly summer of work completed
Annual review of contracts (where appropriate)	Yes	PC Meeting – May 2025 (delegated to Clerk)
Regular bank reconciliation, independently reviewed	Yes	Signed by Chair or another Councillor
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Yes	Monthly PC meetings & carried out in between PC meetings @ committee meetings. Pending/Payments made and quotes presented as per Financial Regulations
Recording in the minutes or appendices of the minutes the precise powers under which expenditure is being approved	Yes	See minute books
Payments supported by invoices, authorised and minuted	Yes	Pending/Payments made between tables shown in minutes, invoices signed as approved



Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Yes	Income now being shown and Income Received @ PC/Committee meetings
Scrutiny to ensure precept recorded in the cashbook agrees to District Council notification	Yes	Bank Reconciliation
Contracts of employment for staff	Yes	All staff now have a tangible Personnel File
Contract annually reviewed	Yes	Midpoint/6 monthly probationary reviews carried out for Planning & Project Officer & Clerk/RFO recorded on personnel files. This will happen with new Finance & Admin Officer.
Updating records to record changes in relevant legislation	Yes	Targets will be set and interim and annual performance management reviews will take place with all staff  Policies updated in line with annual review programme. Policies published on the website
PAYE/NIC properly operated by the Council as an employer	Yes	Pay Roll be undertaken by SALC, paperwork provided to Clerk/RFO who ensures monthly payment made to HMRC
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook	Yes	All invoices recorded on Rialtas (Finance system) VAT report run on Rialtas
Regular financial reporting to Parish Council	Yes	Finance reporting covered at the Finance & General Purpose Committee (quarterly) and monthly Parish Council meetings with the exception of August & December

Regular budget monitoring statements as reported to Parish Council		Budget Monitoring reported at the Finance & General Purpose Committee (quarterly) and monthly Parish Council meetings with the exception of August & December
Compliance with DCLG Guide <i>Open &amp; Accountable Local Government</i> 2014, Part 4: Officer Decision Reports	Yes	Shown on meeting agendas & minutes
Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £500	Yes	Recorded on the website.  Items for Financial year 24/25 will be recorded and added with all other information for that financial year
Verifying that the Council is compliant with the General Data Protection Regulation requirements  Are the following in place: <ul style="list-style-type: none"> <li>• Audit / Impact Assessment</li> <li>• Privacy Notices</li> <li>• Procedures for dealing with Subject Access Requests</li> <li>• Procedure for dealing with Data breaches</li> <li>• Data Retention &amp; Disposal Policies</li> </ul>	Yes	<ul style="list-style-type: none"> <li>• Complaints &amp; Procedure March 2024 (every 4 years)</li> <li>• Review of Freedom of Information publication (annually)</li> <li>• Internal &amp; External Audit (annually)</li> <li>• Data retention &amp; disposals followed, Policy needs to drafted and approved</li> </ul>
Minutes properly numbered and paginated with a master copy kept in for safekeeping	Yes	Recorded on the website and hard copy of signed minutes held in the Council Office
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality	Yes	Councillors complete register of interests. Annual reminder issued. Interests recorded at each meeting
Adoption of Codes of Conduct for Members	Yes	MPC Model Councillor-Officer Protocol (Code of Conduct) 2025 – advertised on website

Declaration of Acceptance of Office	Yes	New Councillors complete when co-opted. Chair & Vice Chair annually when voted in
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Date of review of system of Internal Controls:- **21<sup>st</sup> May 2025**

Review of system of Internal Controls carried out by: **Lisa Burgess – Clerk/RFO**

Name..... L. W Burgess ..... Signature..... L W Burgess .....  
 Report submitted to Council (date)..... 4/6/25 .....

(minute reference) Resolution C2025/6p.....

Next review of system of Internal Controls due:- **May 2026**

Additional comments by reviewer:

Retention & Disposals Policy needs to be drafted and approved by Council

