Cheddleton Parish Council

Statement of Internal Control
For the Year Ended 31 March 2026

1. Scope of Responsibility

Cheddleton Parish Council ("the 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 also has responsibility for ensuring that there is a sound system of internal control which supports the achievement of its policies, aims and objectives, whilst managing risk appropriately.

This Statement is prepared in support of **Assertion 2 of the Annual Governance and Accountability Return (AGAR)**:

"We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness."

2. Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk. It provides reasonable, but not absolute, assurance of effectiveness.

The system is based on an ongoing process designed to:

- Identify and prioritise risks
- Evaluate the likelihood and impact of risks
- Manage risks efficiently and effectively
- Safeguard public funds
- Prevent and detect fraud and error

3. The Internal Control Environment

3.1 The Council

The Council:

- Elects a Chair responsible for the proper conduct of meetings and ensuring lawful decision-making
- Sets and approves the annual budget and precept
- Receives regular financial reports
- Reviews internal controls and risk management annually
- Delegates specific responsibilities to its Committees, which report back to Full Council

All decisions are recorded in formally approved minutes.

3.2 The Clerk and Responsible Financial Officer

The Council has appointed a Clerk who also acts as the Responsible Financial Officer (RFO).

The Clerk/RFO is responsible for:

- Day-to-day administration
- Ensuring compliance with statutory requirements
- Maintaining accounting records
- Managing financial controls
- Advising the Council on financial matters
- Implementing Council decisions

Although the roles are combined, appropriate internal controls are maintained through member oversight, payment authorisation procedures, and independent internal audit.

4. Financial Regulations and Standing Orders

The Council has adopted:

- Standing Orders (based on the NALC Model 2025)
- Financial Regulations (based on the NALC Model 2025)

These are reviewed periodically and updated when necessary.

Financial Regulations govern:

- Budget setting
- Expenditure controls
- Procurement and tendering
- Banking arrangements
- Payment authorisation

5. Budgetary Control and Financial Reporting

- An annual budget is prepared and approved before the start of the financial year.
- The precept request is submitted in accordance with the billing authority's deadline.
- Budget monitoring reports comparing actual income and expenditure against budget are presented to Council at least quarterly.
- Variances are reviewed and recorded in minutes.

6. Payment Controls

The Council maintains strict controls over payments:

- All expenditure is supported by a valid invoice or appropriate documentation.
- A legal power is identified for each item of expenditure.
- Payments are authorised by resolution of the Council or relevant Committee.
- Two authorised councillors approve payments (including electronic payments).
- The Clerk/RFO is not a sole signatory and cannot authorise payments independently.
- Payments are listed in the minutes.

7. Banking and Reconciliations

- The Council maintains bank accounts in its name.
- Bank reconciliations are prepared monthly and presented to Council.
- Bank statements are reviewed by members.
- Any discrepancies are investigated promptly.

8. Income Controls

- All income is received in the name of the Council and banked promptly.
- Income is recorded in the accounting system.
- The Council verifies that precept instalments received match the approved precept demand.

9. Section 137 Expenditure

As the Council does not hold the General Power of Competence, expenditure not covered by other statutory powers is made under **Section 137 of the Local Government Act 1972** where appropriate.

- A separate record of Section 137 expenditure is maintained.
- The annual statutory limit is calculated and monitored.
- Expenditure is formally approved and minuted.

10. VAT

- The RFO ensures invoices are correctly addressed to the Council.
- VAT is recorded accurately.
- VAT reclaims are submitted in a timely manner, quarterly unless under £100.

11. Payroll Controls

The Clerk is the Council's only employee and also acts as RFO.

- Payroll is processed by an independent outsourced payroll provider.

- PAYE and National Insurance are administered through HMRC in accordance with legal requirements.
- Payroll reports are retained and salary payments are approved in accordance with Financial Regulations.

The use of an external payroll provider provides additional internal control and separation within the payroll process.

12. Asset Control and Insurance

- The Council maintains an up-to-date Asset Register.
- The Asset Register is reviewed at least annually.
- The adequacy of insurance cover is reviewed annually prior to renewal.

13. Risk Management

- The Council maintains a Risk Register.
- The Risk Register is reviewed annually by Full Council.
- Risks are assessed in terms of likelihood and impact, and mitigating controls are identified.

14. Internal Audit

The Council appoints an independent and competent Internal Auditor who:

- Reviews accounting records
- Reviews internal controls
- Assesses compliance with Financial Regulations
- Reviews risk management arrangements
- Provides a written report to Council

The Internal Auditor carries out work sufficient to support the assurances required by the AGAR.

The appointment and scope of the Internal Auditor are reviewed annually.

15. External Audit

The Council submits the Annual Governance and Accountability Return (AGAR) to the External Auditor in accordance with the Local Audit and Accountability Act 2014.

Any matters raised by the External Auditor are considered by the Council and appropriate action is taken.

16. Transparency

The Council complies with the Transparency Code for Smaller Authorities and publishes required information on its website.

17. Review of Effectiveness

The Council conducts an annual review of the effectiveness of its system of internal control.

This review is informed by:

- The work of the Clerk/RFO
- Reports to Council
- The Risk Register review
- The Internal Auditor's report
- The External Auditor's report
- Member oversight

The Council is satisfied that the internal control arrangements in place are appropriate to the size and activities of the Parish Council.

18. Significant Internal Control Issues

During the year ended 31 March 2026:

☐ No significant weaknesses were identified

OR

- ✓ The following matters were identified and addressed:

Cheddleton Parish Council

The following matters were identified during the review of internal control arrangements and have been addressed or are in the process of being implemented:

1. The Council has adopted the latest versions of Standing Orders and Financial Regulations to ensure governance arrangements reflect current best practice.
2. The Council has resolved to move to a new accounting system from the 2026/27 financial year to improve financial reporting and to operate fully on a receipts and payments basis.
3. The Council has resolved that the Clerk/Responsible Financial Officer will no longer be a sole signatory and will not be permitted to authorise payments independently, strengthening separation of duties.
4. The list of authorised signatories has been updated to include more councillors, ensuring continuity of payment authorisation where conflicts of interest arise, in accordance with the revised Financial Regulations.
5. VAT coding has been reviewed, exempt supplies have been correctly identified, and VAT has been reclaimed accurately in line with HMRC requirements.
6. Payroll controls have been strengthened, with payslips now independently reviewed and signed off as accurate by the Chair of the HR Committee.
7. A review of Council policies has been undertaken, additional required policies have been identified, and these are being drafted and will be adopted by the Council in accordance with its governance framework.
8. A policy review tracker has been created and implemented to ensure that all Council policies are reviewed, updated, and approved within agreed timescales.
9. Reports and proposals are now included on meeting agendas with sufficient background information and context to enable informed

decision-making, improve transparency, and ensure compliance with agenda publication requirements.

10. The Council's website is being updated to ensure compliance with WCAG 2.2 accessibility requirements, strengthening transparency, accessibility, and statutory compliance.

Approval

This Statement of Internal Control was approved by the Council on:

Date: ______________________

Signed: __________________________
Chair of the Council

Signed: __________________________
Clerk and Responsible Financial Officer