

ESSINGTON PARISH COUNCIL

ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL

Financial Year 2025/26

1. Introduction

This review is undertaken in accordance with Regulation 6 of the Accounts and Audit Regulations 2015 and supports the completion of Section 1 of the Annual Governance and Accountability Return (AGAR).

2. Method of Review

The review is informed by Council monitoring, the Clerk, the RFO, and the Internal Auditor's report.

3. Control Areas Reviewed

Some internal controls are listed in the Financial Regulations document, but the system of controls goes beyond this. For the Council to review and consider the effectiveness of the Internal Control System, clarification of the internal controls in the following areas is attached.

Governance Framework

Budgetary Control

Income and Banking

Payments and Expenditure

Assets and Insurance

Risk Management

Internal Audit

4. Conclusion

The Council is satisfied that it maintained an adequate and effective system of internal control during 2025/26, subject to any actions noted.

5. Approval

Approved by Council on: 27th April 2026

Governance Framework	<ul style="list-style-type: none"> • Proper practices in the Practitioners' Guide are followed. • The Accounts are kept according to the statutory framework of the Accounts and Audit Regulations currently in force. • The Council's Financial Regulations, Standing Orders and policies are reviewed annually. • Minutes of meetings are numbered, signed by the Chair and published on the Council's website.
Budgetary Control	<ul style="list-style-type: none"> • The budget is agreed annually, with a detailed estimate of the Council's planned income and expenditure. • The Council is presented with regular financial reports at least quarterly, so Councillors can monitor income and spending against the agreed budget.
Income and Banking	<ul style="list-style-type: none"> • Monthly bank reconciliations including bank statements are sent by email to all Councillors and reviewed at Finance Committee and Full Council meetings. • Income received in the previous month is recorded on the monthly Schedule of Payments. • Withdrawals from the Council's 2 Savings Accounts can only be made by bank transfer to the Council's Current Account. • There is a maximum limit of £30,000 a day for withdrawals from the Current Account. • The Council does not operate a petty cash system or hold a debit card. • VAT is correctly accounted for and claimed on a quarterly basis. Supporting documentation is retained.
Payments and Expenditure	<ul style="list-style-type: none"> • Payments are made in accordance with the Financial Regulations, and a schedule of regular payments is authorized by Council in advance of the financial year. • A monthly schedule of payments is sent by email to all Councillors and presented at Finance Committee for review and Full Council meetings for approval. • Monthly income and expenditure reports are sent by email to all Councillors and reviewed at Finance Committee and Full Council meetings. • Invoices presented for payment are checked and retained as supporting evidence and signed by the Chairman of the Council. • Direct debit mandates and cheques are signed by two authorized signatories.
Assets and Insurance	<ul style="list-style-type: none"> • The Council has appropriate insurance cover which is reviewed at least annually (and on acquisition of new assets) to ensure it remains adequate. • An up-to-date Asset Register is maintained and displayed on the Council's website.
Risk Management	<ul style="list-style-type: none"> • The Risk Management Policy ensures the appropriate measures are in place to mitigate and manage risk. The Policy is reviewed annually.

	<ul style="list-style-type: none"> • The Council follows the guidance on statutory proper practices in the Practitioners' Guide to establish and review financial systems and procedures to minimize risks. • The separation of duties between the Clerk and the RFO reduces the risk of errors and fraudulent activity. • The use of finance software designed specifically for parish councils ensures efficient financial management and accurate reporting. • Councillors check the details of the Bank Reconciliations as part of internal control. • Bank Reconciliations and Bank Statements are signed each month by a non-signatory Councillor to show a check has occurred. • At the end of the financial year, a Councillor carries out an internal control check to ensure payments from the bank account are supported by signed invoices which were authorized by Council.
Internal Audit	<ul style="list-style-type: none"> • The Internal Audit is timed to comply with the Annual Return Timescales. • Information is provided by the Clerk and RFO to enable the Internal Auditor to review the adequacy of governance and internal control systems. • The independent Internal Auditor provides an interim and a year-end report. • The Council reviews and responds to the Internal Auditors report, and any agreed actions are recorded.