

Lifton Parish Council Internal Financial Control Review 2025-26

Proper bookkeeping

- Is the cashbook maintained and up to date? **Yes**
- Is the cashbook arithmetic correct? **Yes**
- Is the cashbook regularly balanced? **Yes**

a) standing orders and financial regulations

- Has the council formally adopted standing orders and financial regulations? **Yes, reviewed and re-adopted at the Annual Meeting of the Parish Council.**
- Has a Responsible Finance Officer been appointed with specific duties? **Yes, job description available upon request.**
- Have items or services above the de minimus amount been competitively purchased? – **Yes**

b) payments controls

- Are payments in the cashbook supported by invoices, authorised and minuted? **Yes**
- Has VAT on payments been identified, recorded and reclaimed? **Yes – recorded in cash book and separate VAT spreadsheet; reclaiming £2,744.71 VAT for the 2025-26 financial year, in April 2026.**
- Is s137 expenditure separately recorded and within statutory limits? **Yes – separate column in cash book. RFO aware of statutory limit (£11.10 per elector for 2025-26).**

Risk management arrangements

- Does a review of the minutes identify any unusual financial activity? **Minutes reviewed – none seen.**
- Do minutes record the council carrying out an annual risk assessment? **Yes - annual risk assessment was updated, then reviewed and approved on 29th May 2025 along with other policies at the Annual Parish Council Meeting.**
- Is insurance cover appropriate and adequate? **Yes – updated in-year as and when/where necessary.**
- Are internal financial controls documented and regularly reviewed? **Internal and external audits annually. Council sees bank reconciliations quarterly and end of year and budget monitoring occurs.**

Budgetary Controls

- Has the council prepared an annual budget in support of its precept? **Yes**
- Is actual expenditure against the budget regularly reported to the council? **Yes, via quarterly bank reconciliation accompanied by a verbal update from the Clerk; detailed budget monitoring is also undertaken in September/October – minuted.**
- Are there any significant unexplained variances from budget? **Not unexplained. Burial ground income is unpredictable.**

A DCC grant for grass cutting (village/verge/West Devon Drive areas) was received in 2025-26 (£4002).

The PC received Section 106 funds from WDBC, due to the occupancy of a new housing development in Lifton, for the continuation of projects at the QEII Recreation Ground (£6204).

A WDBC Locality Budget Grant was also awarded (£230 towards the purchase of a solar-panel conversion kit for a parish council-owned Vehicle Activated Speed Sign - VAS).

An (anonymous) donation (£2400) was received towards the purchase of the second/new Vehicle Activated Speed Sign (VAS).

Income Controls

- Is income properly recorded and promptly banked? **Yes – recorded in cash book. Most income is via BACS now rather than cheque.**
- Does the precept recorded agree to the Council Tax authority's notification? **Yes**
- Are security controls over cash and near-cash adequate and effective? **Yes**

Petty cash procedures

No petty cash system operated.

Payroll Controls

- Do all employees have contracts of employment with clear terms and conditions? **Yes, Clerk is the only employee.**
- Do salaries paid agree with those approved by the council? **Yes**
- Are other payments to employees reasonable and approved by the council? **Yes – expenses, working from home allowance and pension payments are listed monthly where necessary and approved by the council.**
- Have PAYE/NIC been properly operated by the council as an employer? **Clerk runs payroll via the 'Basic PAYE Tools' HMRC online payroll tool; monthly payslips are provided for Council to check/approve at each monthly PC meeting. There are no longer quarterly summaries as Clerk does not at present pay income tax.**

Assets controls

- Does the council maintain a register of all material assets owned or in its care? **Yes – reviewed annually; Clerk updates as necessary. Review of layout/content of asset information contained in the register was undertaken in 2025, along with the provision of an Asset Management Policy.**
- Are the assets and Investments registers up to date? **Yes: see above**
- Do asset insurance valuations agree with those in the asset register? **Insurance updated as needed; asset register updated formally/annually but Clerk updates as necessary.**

Bank Reconciliation

- Is there a bank reconciliation for each account? **No – only current account; savings account has only interest added and only one other transaction occurred in 2025-26 which was a transfer of £2500 from the PC's saving account into its current account – prior approval was sought and given by the Council at the 26th June 2025 PC meeting.**
- Is a bank reconciliation carried out regularly and in a timely fashion? **Yes; quarterly and whole/end of year.**
- Are there any unexplained balancing entries in any reconciliation? **No**
- Is the value of investments held summarised on the reconciliation? **N/A**

Year-end procedures

- Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? **Yes – receipts and payments used as income under £250 000 and not a company.**
- Do accounts agree with the cashbook? **Yes – annual reconciliation prepared and formally reported to council.**
- Is there an audit trail from underlying financial records to the accounts? **Yes – invoices/list of payments (for approval) and confirmation of receipts are shared with Councillors at PC meetings (also included on meeting agendas). Approvals are requested and recorded.**
- Where appropriate, have debtors and creditors been properly recorded? **N/A**

(Internal Financial Control Review 2025-26 undertaken by Clerk and reported to Council on 23rd April 2026)