



Little Bardfield Parish Council Statement of Internal Controls

Scope of Responsibility

Little Bardfield 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. In discharging this overall responsibility, The Council is also responsible for ensuring that there is a sound system of internal control as required by Section 2 of the Annual Return – Annual Governance Statement.

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 ongoing 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.

Identifying and assessing risks:

The authority identifies, assesses and records risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences in accordance with Assertion 5, Section 1 of the AGAR.

The Internal Control Environment

The Council:

The Council has appointed a Chairman, who is responsible for the running of meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations and objectives, approves budgets, and sets the level of precept at a council meeting in the third Quarter of the financial year. The Council meets at least four times each year and monitors progress against its aims, objectives, and actions at each meeting. The Council carries out regular reviews of its internal controls, systems, and procedures.

Clerk to the Council/Responsible Financial Officer:

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the

Council's finances. The Council operates an approved Scheme of Delegation. The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

Payments:

All payments by cheque or BACS are authorised by two Members of the Council (depending on the amount) and later reported to the Council.

Income:

All income is received and banked in the Councils' name in a timely manner and reported to the Council.

Risk Assessments / Risk Management:

The Council carries out regular risk assessments in respect of actions and regularly reviews its systems and controls.

Internal Audit:

The Council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of it's:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management

Reviews

The effectiveness of the internal audit system is reviewed annually.

REVIEW OF EFFECTIVENESS

The Council has responsibility 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 Council;
- The Clerk to the Council/Responsible Financial Officer who has 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 number of significant issues that are raised during the year.

SIGNIFICANT INTERNAL CONTROL ISSUES

Several internal control issues were identified during the financial year ended 2024/2025. The internal auditor in their report for the financial year ending 31 March 2025 made the following recommendations:

1. Ensure the cash book is arithmetically correct and ensure it corresponds with AGAR figures to resolve discrepancies.
2. Ensure the cash book is regularly balanced and establish a consistent process.
3. All payments recorded in the cash book must be supported by purchase orders, invoices, and proper authorisation, with payments minuted accordingly.
4. VAT on payments should be fully identified, recorded, and reclaimed within the relevant financial year.
5. The council needs to determine the accurate s137 expenditure limit, record it properly, and ensure all s137 payments are approved and minuted as such.
6. A review of the Minutes should be conducted to clearly identify any unusual financial activity, especially concerning the Solar Fund monies.
7. Internal financial controls should be formalised and documented, with a quarterly review process implemented.
8. The council prepares and approves an annual budget that includes data from the previous year and explicitly reference the precept calculation.
9. The council must adopt a formal General Reserve Policy and investigate any significant variances from the budget to provide explanations.
10. Regular bank reconciliations should be carried out for all accounts and reported to the Council.
11. Year-end accounts should be prepared on the correct basis, fully agree with the cash book, and include a comprehensive bank reconciliation.
12. Publish all required expenditure, annual accounts, governance statements, and supporting documents online.
13. The council should adopt a Data Protection Policy and Privacy Notices, and register with the ICO.
14. Test the website for accessibility and providing an Accessibility Statement will help meet accessibility standards.

APPROVAL

A Statement of Internal Control shall be approved each year.

Date of Policy: Feb 26

Date of Next Review: Feb 27