HASTINGLEIGH PARISH COUNCIL
STATEMENT OF INTERNAL CONTROL
FOR THE YEAR 1 APRIL 2024 – 31 MARCH 2025

1. SCOPE OF RESPONSIBILITY

1.1 Hastingleigh 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.

1.2 In discharging this overall responsibility, the Council is also 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

2.1 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.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council

3.1 The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

3.2 The Council reviews its obligations and objectives and approves budgets for the following year at or before its December meeting, at that meeting, the Council approves the level of precept funding for the following financial year.

3.3 The full Council meets at least 6 times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Clerk and Councillors. It reviews financial information and financial matters at each meeting.

3.4 The Council has adopted a set of Financial Regulations that include measures to control the proper governance of the Council's financial transactions.

3.5 The Council carries out annual reviews of its internal controls, systems and procedures, including a financial risk assessment that is updated each year.

Clerk to the Council/Responsible Financial Officer

3.6 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 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 is responsible for ensuring that the Council's procedures, control systems, and policies are adhered to.

Payments, bank statements and risk management

3.7 The Financial Regulations include provisions for the internal control of procuring and paying for goods and services, making grants to third parties, paying employees, and the monitoring of income/expenditure against the annual budget.

Internal Audit

3.8 The Council appointed Mrs Lister as its independent Internal Auditor for the year ended 31 March 2025, who reports to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management
- Reviews - the effectiveness of the Internal Audit is to be reviewed annually.

All recommendations made by Mrs Lister are taken note of for 2025/26 and acted upon accordingly.

3.9 The Council expects to appoint an Independent Internal Auditor in May 2025 to review the adequacy at 31 March 2026 of the matters set out in 3.8.

External Audit

3.10 The Council is subject to external audit in accordance with legislation applicable to a small parish council and the external auditors prepare an annual Certificate of Audit, which is presented to the Council and publicised.

Payment of employees wages

3.11 The Clerk is paid monthly, at an agreed number of hours per week, this salary is paid by standing order to the Clerk on the 28th of each month, the Clerk's payslip is prepared by the RFO. The salary is worked out and reported through HMRC Basic PAYE Tools, any Tax is then paid in accordance with the figure presented by the HMRC software. A copy of which will be presented at the meeting.

3.12 The P60 will be made available for inspection with the accounts at the end of year.

4. REVIEW OF EFFECTIVENESS

4.1 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 full 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 Council's external auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman of the Council, and the Internal Auditor. The external auditors issue an annual Audit Certificate.
- The number of any significant issues that are raised during the year.

4.2 The Council strives for the continuous improvement of the system it has adopted for internal control, and will address any issues and weaknesses raised and reported during the review process.

_____ _____

(Signature of the Chairman of the Council) (Signature of the Clerk to the Council/ Responsible Financial Officer)

Date: Date:

Appendix 1

The specific internal controls put in place within Hastingleigh Parish Council are:

1. An up to date register of assets is maintained.
2. Regular maintenance of these assets
3. Review of the risks
4. Checking of insurance cover
5. Having standing orders and financial controls within which the Council operates.
6. Arrangements to detect fraud/corruption
7. Regular bank reconciliations are reviewed
8. Proper approval of all Council expenditure
9. Regular returns to HMRC as an employer
10. Regular reclaiming of VAT
11. Minutes properly recorded and kept in safekeeping
12. Procedures in place for document circulation, response, handling and filing
13. Procedures in place for recording and monitoring members' interests
14. Adoption of codes of conduct for members
15. Regular auditing of accounts
16. Procedures in place to safeguard information kept electronically

These internal controls are maintained and properly recorded as shown below:

1. An up to date register of assets is attached and a copy kept with the minutes, updated when assets purchased/discarded.
2. Regular maintenance/repairing of a notice board, 2 benches, an information board and the pond area including the War Memorial.
3. Review of the risks – reviewed as a separate agenda item at each meeting.
4. Checking of insurance cover – undertaken annually
5. Having standing orders and financial controls within which the Council operates – standing orders were adopted by the Council at its meeting on 1 April 2014, amended on 10 March 2015 and financial regulations were adopted at the Council's meeting on 10 March 2015. Copies of both documents are available on the Hastingleigh Parish Council Website (www.hastingleighpc.org.uk)
6. Arrangements to detect fraud/corruption.

   All monies are kept at bank with none as ready cash.
   2 x signatories on every cheque, the Clerk is not a signatory.
   Councillors must sign only fully-completed cheques.
   Cheque stubs to be initialled by signatories and checked with payment documentation.

7. Regular bank reconciliations, checked against bank statements - reviewed by the entire Council at each meeting and by the internal auditor annually. Bank account details - reported in the minutes of each meeting.

8. Proper approval of all Council expenditure –cheques written and recorded within meetings /expense approved within the meetings. Details of expenditure included in minutes. A written report of expenditure against budget tabled at each meeting.

9. Regular returns to HMRC as an employer – The Clerk's monthly salary is worked out and reported through HMRC Basic PAYE Tools; any Tax is then paid in accordance with the figure presented by the HMRC software. A copy of the 'Employee pay and deduction record' produced by the software is made available at each meeting. Copies of our annual return are held on file and are seen by the Internal Auditor, they are available at the meeting where the accounts are signed by the Council in Full and again at the Annual Parish Meeting.

10. Regular reclaiming of VAT - again accounted for in the annual accounts – will show in Financial Statement dated 31st March as VAT is reclaimed annually.

11. Minutes properly recorded and kept in safekeeping.

12. Procedures in place for document circulation, response, handling and filing – these procedures are in practice

13. Procedures in place for recording and monitoring members' interests – at the Annual Parish Council Meeting the Chairman signs a form and when Councillors are elected they sign the members' interests form

14. Adoption of codes of conduct for members - the code of conduct is standard and all Councillors agree to abide by this at the meeting following an election.

15. Regular auditing of accounts – An annual internal audit is carried out; an annual audit by an External Auditor is currently a statutory requirement to be completed within deadline given. Statement/report and any recommendations by Internal and/or External Auditor to be sent to Councillors and reported at first available meeting after each audit

16. Procedures in place to safeguard information kept electronically – regular back-up of computer.