



Welshampton and Lyneal Parish Council

STATEMENT OF INTERNAL CONTROL YEAR ENDING 31 MARCH 2026

Scope of Responsibility

Welshampton and Lyneal Parish Council is responsible for ensuring that its activities are 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.

Regulation 3 of the Accounts and Audit Regulations 2015 states that

'a relevant authority must ensure that it has a sound system of internal control which

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- b) ensures that the financial and operational management of the authority is effective; and
- c) includes effective arrangements for the management of risk'

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 designed to ensure that the Council's activities are carried out properly and as intended. This includes oversight that the Council is acting within its powers and is compliant with legislation. Internal Controls are determined by the Clerk in his/her capacity as Responsible Financial Officer, but it falls on the Council to ensure it has approved the Controls and monitors their implementation.

Monitoring will include the checking of routine financial procedures: the examination of financial statements, the recording of assets and liabilities, the identification, evaluation and impact of risks and to manage them efficiently, effectively and economically.

Responsibility for the Internal Control Environment

The Council

The Council as a corporate body is responsible under statute for certain decisions which cannot be delegated, for example, setting of the precept and approval of the Annual Return and Governance Statement. It may delegate responsibility for dealing with the consideration and approval of all other financial matters to the Clerk.

The Council has made and will keep under review Financial Regulations and includes within its Standing Orders particular provisions relating to contracts. The Council's System of Internal Control is ancillary to and underpins the Financial Regulations and Standing Orders.

The Council must appoint a Chair who is responsible for the smooth running of meetings. Neither the Chair nor any individual Councillor may make decisions on behalf of the Council unless formally delegated.

The Council carries out regular reviews of its Internal Controls, systems and procedures. The reviews are informed by notification of statutory changes and best practice from relevant organisations and reports from the Clerk and Councillors from training or other relevant meetings.

Parish Clerk

The Council has appointed a Parish Clerk who as Proper Officer acts as the Council's advisor and administrator. The Clerk is the also 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 ensures that the Council's procedures, control systems and polices are maintained.

Ensuring the System of Internal Control is Adequate and Effective

The Council is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The Council is required to seek independent assurance that the System of Internal Control objective is achieved throughout the financial year to a standard required to meet the needs of the Council.

The Council must

- appoint Internal and External Auditors
- confirm the scope of the internal audit; approve the internal audit plan setting out proposals for the Internal Auditor; confirm that this properly takes account of the corporate risk (i.e. the controls and procedures within the Council which minimise the risk of the Council not being able to function or carry out what it sets out to do)
- agree that the minimum tests proposed in the internal audit plan, together with the inspections carried out by the Internal Auditor are adequate and effective for the Council's internal audit purposes
- follow the statutory guidance and forward the Annual Governance and Accountability Return, as agreed by the Smaller Authority Proper Practices Panel to the External Auditor for review.

Internal Audit

The Internal Auditor is a suitably qualified and experienced independent auditor. They report to the Council in accordance with the scope of internal audit sufficient to provide an adequate level of assurance for the Council to complete assertions 2 and 6 in its Annual Governance Statement.

External Audit

External Auditors are appointed in accordance with the current statutory accounting and audit framework. The primary purpose of the external audit is to provide independent assurance, albeit limited, to the public, Councillors, and government that the Council's financial statements are accurate, comply with laws, and present a true and fair view of its financial position and value for money spent.

Key Internal Control Activities

Financial Regulations

The Council's Financial Regulations were reviewed for continued relevance, amended where necessary and were approved on 8 October 2025 by the Council.

Cheque/Payment Signatories

All payments were reported to the Council for approval. Two approved Councillors authorised every cheque and initialled the cheque stubs. The signatories ensured that the cheque agreed with the amount and the payee named on the invoice and initialled the invoice.

Cash and Cheque Handling/Security

The Clerk received all income. All cash and cheques were kept safely and banked within 5 working days.

Salary and other Staff Payments

Salary and other staff payments were paid based on Council agreed rates and reviewed by two Councillors. Mileage and any other expenses were reimbursed in accordance with rates approved by the Council. Upon the production of appropriate receipts, out of pocket expenses for day to day items appropriate to the duties of the Clerk were reimbursed.

VAT Repayment Claims

The Clerk ensured that proper VAT invoices were received where VAT was reclaimed and maintained a VAT account to show that the correct amount of VAT was reclaimed.

Budgetary Control

The Clerk ensured

- all accounts certified for payment were allocated to the correct budgetary centre.
- bank reconciliations were carried out on a monthly basis
- a Financial Statement report including the bank reconciliation was produced at each monthly meeting and signed by a Chair. An independent Councillor reviewed and signed the bank reconciliation each quarter.
- a draft budget and precept requirement was prepared for the Council meeting in December.

The Council reviewed and agreed the draft budget and consequent precept for the next financial year at the Council meeting in January.

Procurement

Financial Regulations provide a framework and set procedures for dealing with contracts of certain values. Working beneath that framework, provision was made for the day to day operational work of the Council to be administered, and to that end the Clerk was authorised to issue orders for office and other supplies to support the Council's administration and day to day operation within agreed budgets.

Asset Management

The Council's Asset Register was reviewed on 11 March 2026 by the Council. The adequacy of insurance of the Council's assets was considered in advance of the insurance renewal

Risk Management

The Council has in place in Risk Management Strategy which identifies, in conjunction with the Risk Register and risk assessments, the risk appetite for its activities.

The Council's Risk Management Strategy was reviewed on 11 March 2026 by the Council

The Council's Risk Register of its land, property, and activities, was reviewed on 11 March 2026 by the Council

Monitoring of the System of Internal Control

The System of Internal Control was monitored throughout the year by:

- The regular scrutiny of financial and other performance monitoring data.
- Regular reports from the Clerk.
- The report from the Internal Auditor dated 17 April 2026
- The most recent review of the Effectiveness of Internal Audit undertaken May 2026

Review of Adequacy and Effectiveness of the System of Internal Control

The Council is therefore satisfied that the System of Internal Control in operation during the year ending 31 March 2026 were adequate and effective.

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Signed by Chair Date

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Signed by Clerk Date