PORLOCK PARISH COUNCIL
INTERNAL CONTROLS STATEMENT
YEAR ENDING 31ST MARCH 2026

1. Scope of Responsibility

Porlock Parish Council is a local authority funded by public money. 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, properly accounted for, and used economically, efficiently, and effectively.

In discharging this responsibility, the Council is also responsible for maintaining a sound system of internal control, which facilitates the effective exercise of the Council's functions and includes arrangements for the management of risk, in accordance with its Financial Regulations, Standing Orders, and proper practices.

2. 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 the Council's policies, aims, and objectives. It provides reasonable but 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 objectives
- Evaluate the likelihood of risks being realised and their potential impact
- Manage risks effectively, efficiently, and economically

The system of internal control has been in place for the financial year ending 31 March 2026 and up to the date of approval of the Annual Governance and Accountability Return (AGAR), and accords with proper practices as set out in *Governance and Accountability for Smaller Authorities in England*.

3. The Council's Internal Control Environment

a) The Council

The Council is responsible for setting policy, determining the budget and precept, and monitoring financial performance and governance arrangements.

- The Council meets regularly and approves minutes, financial reports, and schedules of payments.
- The Council approves the budget, precept, accounting statements, and Annual Governance Statement, which are matters that cannot be delegated under the Financial Regulations.
- The Council reviews the effectiveness of its system of internal control at least annually before approving the AGAR.
- All decisions are recorded in minutes, providing a clear audit trail.

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b) Clerk to the Council / Responsible Financial Officer (RFO)

The Council has appointed a Clerk, who also acts as the Responsible Financial Officer (RFO), in accordance with the Financial Regulations.

The Clerk/RFO is responsible for:

- Administering the Council's financial affairs in accordance with legislation, Financial Regulations, and proper practices
- Determining and maintaining accounting records and control systems
- Ensuring accurate and prompt recording of financial transactions
- Managing risks and preparing risk assessments and the Risk Management Policy for Council approval
- Producing financial information and reports for Council consideration
- Seeking economy, efficiency, and effectiveness in the use of Council resources

c) Risk Management and Internal Control

- The Council maintains a Risk Management Policy covering all activities, prepared by the RFO and reviewed and approved by the Council at least annually.
- Risk assessments are undertaken for new or changing activities and reported to the Council for consideration.
- At least once each year, the Council formally reviews the effectiveness of its system of internal control prior to approving the Annual Governance Statement.

d) Financial Management, Banking and Payments

Authorisation and Control

- No expenditure may be incurred unless it is within the approved budget or authorised by resolution of the Council or under properly delegated authority set out in the Financial Regulations.
- Delegated spending limits are strictly applied, with expenditure above those limits requiring Council or committee approval.

Payments

- Payments are normally made by electronic banking, with a minimum of two authorised councillors approving each transaction.
- The RFO sets up payments but does not approve payments alone.
- Payment schedules, supported by invoices, are presented to the Council for authorisation and recorded in the minutes.
- Standing payments, direct debits and other regular payments are approved in advance and reported to the Council.

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Bank Reconciliation

- Bank reconciliations are prepared regularly by the RFO.
- At least quarterly, and at the financial year-end, a councillor other than the Chair and the Chair of the Finance & HR Committee verifies and signs bank reconciliations and bank statements, with the outcome reported to Council.

e) Budgetary Control

- The Council sets an annual budget and precept following preparation of detailed estimates and a three-year forecast by the RFO.
- Actual income and expenditure are monitored against the budget throughout the year.
- Earmarked reserves are established, reviewed, and approved by the Council.
- No expenditure may exceed the approved budget without prior Council approval, except in emergency circumstances permitted by the Financial Regulations.

f) Income and Assets

- All income due to the Council is collected under the supervision of the RFO and banked promptly and intact.
- The Council maintains an up-to-date Asset Register, which is reviewed and verified at least annually.
- The existence of tangible assets is checked periodically and insurance cover is maintained at appropriate levels.

g) Procurement and Contracts

- Procurement is carried out in accordance with the Council's Financial Regulations, Standing Orders, and relevant legislation, including the Procurement Act 2023 where applicable.
- Value for money is sought for all purchases.
- Tendering, quotation thresholds, and delegated authorities are strictly followed.
- Contracts are not split to avoid procurement thresholds, and all significant contracts are supported by Council approval and recorded in the minutes.

h) Internal Audit

- The Council appoints an independent Internal Auditor annually.
- The Internal Auditor reviews the effectiveness of the Council's accounting systems, internal controls, and risk management arrangements.

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- The Council considers and responds to all recommendations made by the Internal Auditor and records its actions.

i) External Audit and Public Accountability

- The Council complies with the Accounts and Audit Regulations and prepares the Annual Governance and Accountability Return in accordance with proper practices.
- The RFO ensures that electors' rights are exercised in accordance with legislation, including public inspection of accounts.
- Any correspondence from internal or external auditors is reported promptly to all councillors.

4. Review of Effectiveness

The Council is responsible for reviewing the effectiveness of its system of internal control. This review is informed by:

- The work and reports of the Clerk/RFO
- Internal Audit reports and recommendations
- External Audit findings and certificate
- Regular financial and governance reports to Council
- The number and nature of any significant issues arising during the year

The outcome of this review is considered by the Council prior to approval of the Annual Governance Statement.

Dated: 13th May 2026

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Duncan McCanlis	Johnathan Jones
Chair	Clerk & Responsible Financial Officer

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