Statement of Internal Controls

Introduction

Llanharry Community Council is a local authority funded largely by public money and is responsible for ensuring its financial 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 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.

The Council is required to review at least annually the effectiveness of its systems of financial control. This is informed by the work of the Internal Auditor and the Council as the body corporate who has responsibility for the development and maintenance of the internal audit environment and any comments made by the Council's appointed internal and external auditors in their respective interim and annual reports.

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;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage them efficiently, effectively and economically.

The system of internal control accords with the practices set out in the Joint Panel on Accountability and Governance; A Practitioners Guide (2024 edition).

The Internal Control Environment

The Council:

- has adopted Financial Regulations which set parameters for its financial operations;
- reviews its obligations and objectives and approves budgets for the following year at its January meeting;
- approves the level of precept for the following financial year at its January meeting;
- annually appoints an Audit Committee;
- carries out monthly bank reconciliation checks;
- meets once a month and monitors progress at each meeting by receiving relevant reports from the RFO / Clerk;
- carries out regular reviews of its internal controls, systems and procedures.

The Clerk:

- has been appointed by the Council and acts as the Council's advisor and administrator;
- is the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances;
- carries out regular budget monitoring and reports quarterly to the Council;
- is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks;

- ensures that the Council's procedures, control systems and policies are adhered to.

Payments:

- All payments are reported to the Council for approval.
- Three members of the Council must authorise the payments sheet and adhere to the Council's Financial Regulations as appropriate.
- Payments are made by direct debit, standing order or BACS transfer, with online payments being raised by the Clerk and authorised by three Councillors. A small number of payments are made by debit card.
- Where delegation permits, as per the Local Government Act 1972, s101(1a) and the Council's Financial Regulations, a report will be provided to the next full Council.
- Regular payments are reviewed annually by the Council.

Risk Assessments / Risk Management:

- The Council maintains up to date risk assessments as appropriate, reviewing all documents at least annually, and regularly reviews its systems and controls.
- The Council seeks and receives appropriate property, legal, insurance and health and safety advice as appropriate to manage risk.

Internal Audit:

- The Council appoints an independent and competent internal auditor who reports to the Council on an annual basis on the adequacy of its records, procedures, systems, internal controls and risk management.
- Any issues raised by the Internal Auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales.
- The Council reviews the effectiveness of internal audit annually.

External Audit:

- The Council has been appointed Wales Audit Office to carry out basic and triennial full audits.
- Following completion of the External Audit the annual Certificate of Audit is provided, which is presented to Council.

Review of Effectiveness

The Council has responsibility for conducting a review of the effectiveness of the system of internal control and internal audit process, which is monitored and informed by:

- the Council;
- the Clerk to the Council / Responsible Financial Officer;
- the work of nominated Councillors reporting to the Council as the 'Audit Committee;
- the work of the independent Internal Auditor;
- the External Auditors through the Annual Return.

Action	**Date**	**Revision number** 1 04/25
Adopted	14th May 2025	
Reviewed		
Next review due	May 2026	