

HOXNE PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL AND ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL FOR YEAR ENDING 31 MARCH 2026

SCOPE OF RESPONSIBILITY

Accounts and Audit Regulations impose a duty on a local council to ensure “that the financial management of the body is adequate and effective and that the body has a sound system of internal control”. Hoxne Parish 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.

The Council is 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 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 on-going 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.

THE INTERNAL CONTROL ENVIRONMENT

The Council: The council reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the council approves the level of precept for the following financial year. The council meets 12 times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Clerk.

The council carries out regular reviews of its internal controls, systems and procedures. See table below.

Clerk /Responsible Financial Officer: The Council has appointed an unqualified 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 advising on the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Payments: All payments are reported to the Council for approval via the agenda. From the 2020/21 financial year the Council moved to electronic payments. Councillors are appointed as signatories for this process. The Clerk will set the payments up with the online banking facility. Payments are authorised by one Councillor (signatory). Another Councillor (signatory) is provided with the bank statement, payment details and transaction references to reconcile

the electronic payments from authorisation through to bank statement balance. Payments are listed in the minutes of the meeting. The Clerk maintains control of the cheque book and cheques are only issued when electronic payment is not applicable. Payments will only be made for items approved in Council meetings.

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

Risk Assessments/Risk Management: The Council reviews its risk assessment annually and regularly reviews its systems and controls.

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, regulations, and risk management.

REVIEW OF EFFECTIVENESS

The council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council, which should also approve the Statement of Internal Control.

Adopted on 6 March 2014, reviewed 25th March 2026

Next review: March 2027

HOXNE PARISH COUNCIL

INTERNAL CONTROL REPORT FOR YEAR ENDING 31 MARCH 2026 STATEMENT OF INTERNAL CONTROL

The Accounts & Audit (England) Regulations 2015 aims to strengthen governance and accountability through requirements related to internal control and internal audit.

Whilst the Parish Council has reviewed the effectiveness of the internal audit (independence, competence, proportionate and scope), it has a requirement levied on it to ensure that its financial management is adequate and effective and that it has a sound system of internal control:

‘The regulations require active participation by members in providing positive assurance to the electors of their stewardship of public money. The framework of accountability is risk-based i.e. level of control and management must be appropriate to the risk involved. The Council must determine the most appropriate method of internal control ... care should be taken to ensure that internal control tests are proportionate and relevant and that they are neither seen as, nor intended as, undue interference in the RFO’s day to day management of financial affairs.’

The Council reviews its internal control system annually. A written report of any findings must be submitted to the Council and formally recorded in the minutes.

CONTROL TEST	TEST DONE	COMMENTS
Adoption of Financial Regulations and Standing Orders	Yes	Financial Regulations updated October 2025; Standing Orders updated September 2025
Adoption of Codes of Conduct for Members	Yes	Re-adopted March 2026
Declaration of Acceptance of Office	Yes	Full Council 2023
Procedures in place to record and monitor Members’ Interests	Yes	At each Council meeting
Council has reviewed the internal audit report and, where applicable, the external audit report, and has addressed any recommendations, comments or required actions	Yes	Recommendations have been implemented
Annual review of Council policies	Yes	Conducted annually
Reporting on performance of contractors to maintain accountability, ensure contract compliance, mitigate risks, and optimise performance)	Yes	As and when contractors are engaged
Annual review of risk and the adequacy of insurance cover	Yes	Conducted in September 2025
Annual review of risk assessment, including financial risks	Yes	Conducted in March 2026

Regular review of financial records and proper procedures for approving expenditure	Yes	Approved at each meeting
Regular bank reconciliation, independently reviewed	Yes	A Councillor (signatory) other than the Councillor who authorised the online payment is provided with the bank statements, payment details and transaction references to reconcile the electronic payments from authorisation through to bank statement balance. A Councillor (non signatory) reviews the cashbook against the bank statement once a quarter
Payments supported by invoices, authorised and minuted	Yes	Signatories verify prior to release of payments
Recording in the minutes the powers under which expenditure is approved and ensuring s.137 payments are listed separately	Yes	Conducted monthly
Regular inspection of income records to ensure income is correctly received, recorded and banked	Yes	Income received is reported at each meeting and included in the bank statement checks
Check to ensure the precept is recorded in the cashbook matches the District Council's notification	Yes	RFO checks and reports to full Council
Regular financial reporting to the Parish Council, including receipts and payments and updates on reserves	Yes	Bank reconciliations and details of payments and receipts provided at each Council meeting
Regular budget monitoring statements presented to the Parish Council	Yes	Presented quarterly
VAT correctly accounted for: VAT payments identified and recorded in the cashbook, reclaims are minuted	Yes	Latest VAT claim submitted for period 01/04/25-30/11/25. All VAT invoices are addressed to the Parish Council/Clerk. The RFO maintains a VAT record in the cashbook to show the VAT that is reclaimable.
Maintaining an up-to-date Asset Register	Yes	Reviewed March 2026.
Regular maintenance arrangements for physical assets	Yes	Reviews carried out by members. All assets under insurance.
Staffing and employment compliance: Review of the following <ul style="list-style-type: none"> - Contracts of employment for staff - Annual performance appraisals - Updating of records to record changes in relevant legislation 	Yes	Staff have been issued with contracts of employment. Appraisals conducted in January/February 2026. As required.

<ul style="list-style-type: none"> - PAYE/NIC properly operated by the Council as an employer - Pension Regulator re-declaration to be completed every three years 		Managed by external payroll provider. Re-declaration due before 30 September 2026.
<p>Compliance with the Transparency Code in line with Council's turnover:</p> <ul style="list-style-type: none"> - Annual turnover not exceeding £25,000 - Annual Turnover between £25,000 and £200,000 - Annual turnover over £200,000 <p>(NALC advises that all Councils adhere to the Smaller Authorities Transparency Code as a minimum)</p>	Yes	In accordance with the Transparency Code requirement, the relevant documents are published on the Council's website and are available to download
Compliance with DCLG 2014 Guide on Open & Accountable Local Government, Part 4: Ensuring officer decisions are properly documented and made transparent	Yes	Decisions are minuted and minutes are uploaded to the website
<p>Verifying that the Council is compliant with the General Data Protection Regulation (GDPR) requirements and the following are in place:</p> <ul style="list-style-type: none"> - Registered with the ICO - Audit - Privacy Notice - Procedure for dealing with Subject Access Requests - Procedure for dealing with Data breaches - Data Retention & Disposal Policy 	Yes	Confirmed
Minutes are properly numbered and paginated, with a master copy securely filed	Yes	Minutes are signed by the Chair at each meeting in accordance with the LGA 1972. Pages are paginated.
The Council's website complies with WCAG 2.2AA accessibility standards	Yes	Confirmed by website host in October 2025.
Email management: The Council has a generic email account hosted on an authority owned domain	Yes	The clerk has a .gov.uk email address. The Council has a .gov.uk website. Councillors use email addresses for Council business which are separate from their personal email addresses.
IT policy adopted	Yes	Adopted March 2026

Date of review of system of Internal Controls: 25th March 2026