LITTLETON & HARESTOCK PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL FOR FINANCIAL YEAR ENDED 31 MARCH 2026

Author: LHPC Clerk
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Planned Review: By April 2027

This statement of internal control was adopted by the Parish Council at its meeting held on 11th May 2026.

Introduction

1. Littleton & Harestock Parish Council (the Council) is a statutory local authority that receives funds through the established local government system of council tax from its residents via the collection agency, Winchester City Council. It is responsible for ensuring its financial business is conducted in accordance with the law and proper standards, and that its public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

2. In discharging this overall responsibility, 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.

3. The Council is required to review at least annually the effectiveness of its system of financial control. This is informed by the work of the internal auditor and Finance and General Purposes Committee, who have responsibility for the development and maintenance of the internal control and any comments made by the internal and external auditors in their annual report. This statement of internal control is the document produced as a result of the review of its business completed by the Parish Council in respect of the latest local government financial year ended 31 March 2026.

The Purpose of the System of Internal Control

4. The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failures. It cannot provide an absolute assurance of effectiveness. The system of internal control is based on business processes designed to identify and prioritise the risks to its policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them effectively and economically.

5. The system of internal control for this Parish Council accords with the practices set out in the Governance and Accountability in Local Councils: A Practitioners' Guide (March 2025 edition).

The Internal Control Environment

6. The Council has Financial Regulations, which set parameters for the Council's financial operations. The Council employs a part-time permanent Clerk who is also the Responsible Finance Officer and runs the financial systems and controls thereof on a day-to-day basis.

7. The Council uses Excel spreadsheet software to process transactions and monitor performance against the budget, including payroll. Separate tax and National Insurance (pay) records are also maintained on HMRC provided bespoke payroll software: all electronic records relating to payments are printed off in hard copy and kept in paper files by payment period. Day-to-day banking services are provided by Lloyds Banking Group. They also provide paper copies of monthly transactions, which are kept in the same paper files as all the payment records. Two independent internal audits have been completed during the year by Mulberry Local Authority Services Ltd. The Council's internal monitoring is undertaken by the Parish Council's Finance and General Purposes Committee.

8. Any issues raised by the Internal Auditor are reported in writing to the Council, and agreed actions are monitored to ensure they have been carried out within agreed timescales. Additionally, the Council seeks and receives appropriate property, legal, insurance and health & safety advice, as appropriate, to manage risk.

9. The Finance and General Purposes Committee of the Parish Council, who meet quarterly, is responsible for:

- Establishing and monitoring its overall use of resources
- The facilitation of policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases
- Ensuring all Councillors receive regular and up-to-date reports on financial activities under their direction
- Controls and reports on the financial management of the Council

Review of Effectiveness

10. The Council, through the Clerk/Responsible Finance Officer (RFO), has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

11. The review of the effectiveness of the system of internal control is continuously monitored by:

- The Clerk/RFO, who also acts as the Council's legal advisor and administrator, is responsible for administering the Council's finances, advising on compliance with laws and regulations to which the Council is subject to, and managing risks. The Clerk/RFO also provides advice to help the Council ensure that its policies and procedures are adhered to.
- The established Finance and General Purposes Committee of the Council, which meets at regular intervals, at least three times a year. Members of the committee monitor progress against budgets and procedures and carry out regular reviews of financial matters. Minutes of committee meetings are circulated to all members of the Council, and recommendations are considered at full council meetings. The full council meets 11 times each year. It monitors budgetary progress both by receiving relevant reports from the Finance and General Purposes Committee and the Clerk/RFO, as well as receiving statements every month as part of the list of payment summaries.
- An Internal Auditor is appointed by the Parish Council as an independent person specialising in local council financial matters. This auditor reports to the Council on the adequacy of its records, procedures, systems, internal control and risk management.
- External Auditors, similarly, assess these areas in their annual report. External auditors are appointed by the central government.

12. Any concerns about the effectiveness of the system of internal control are investigated as soon as possible, and action is taken as required.

13. There have not been any areas of internal control weakness identified in the last year; this has also been confirmed by the internal auditors in their reports of internal audits which occurred on 3rd December 2025 and 22nd April 2026. The auditor did, however, note some recommendations which would further improve internal control procedures, and these have been acted upon.

14. The Clerk/RFO (appointed on 3rd Sept 2018) continues to develop in the role and regularly seeks to identify improvements to the way the Parish Council controls its business, making relevant recommendations to Parish Councillors.

15. Revision History

Table 1: Revision History

Version (major.minor)	Date	Author	Modifications made
Draft 0.1	24th April 2026	LF	Draft based on the 2025 Internal Control Document.
Approved 1.0	1st May 2026	LF	To include minor modifications proposed by the Finance and General Purposes committee. **Adopted at PC meeting on 11th May 2026**.

Note: The revision number should be updated every time this document is modified; significant changes should result in the major number being updated, and any other minor changes should result in the minor number being updated.

APPENDIX A: Annual Governance Assertions

The following notes describe the internal control measures that are in place to support the Annual Governance Statement for 2025/26.

Assertion 1 — Financial management and preparation of accounting statements

Budgeting: We prepare an annual budget and use it to set the precept.

Budget Monitoring: The budget is monitored regularly by the Finance and General Purposes Committee.

RFO: An officer is appointed to be responsible for financial administration. The RFO must identify a system of financial controls and make sure that the system is observed, with accounting records and supporting information kept up to date.

Bank reconciliations: Reconciliations are performed monthly and are checked for correctness by a councillor each month. This is verified by the Finance and General Purposes Committee.

Investments and Reserves: The Finance and General Purposes Committee approve an investment strategy annually, and regularly reviews the reserves statement, which includes information on the purpose of all earmarked reserves.

Assertion 2 — Internal control

Standing Orders and Financial Regulations: These policies set out the council's financial system and the way it operates, and are reviewed annually. Payments are made with approval from two signatories or via the Parish Council for larger amounts. Measures to safeguard public money are identified in the Standing Orders and Financial Regulations, which are observed by the Clerk.

Insurance: The council is insured against fraud, and the fidelity coverage is reviewed by the Finance and General Purposes Committee.

Banking: The council approve setting up any new Bank accounts, and mandate changes.

Employment: The council operate PAYE, and pension and TAX/NI are paid appropriately.

Risks and Assets: The council's risk register (reviewed twice a year) has specific risks and actions identified for the safety of council assets, particularly money. The asset register is updated each year, and all assets are properly managed.

VAT: VAT information is reported in the monthly cashbooks, and VAT reclaims are made appropriately.

Assertion 3 — Compliance with laws, regulations and proper practices

The clerk provides advice to the council to ensure compliance with laws, and regulations and ensures that the council's actions fall within its permitted legal powers. She follows the proper practices as identified in the Joint Panel on Accountability and Governance (JPAG) practitioners' guide.

Subscriptions to HALC, NALC and the SLCC allow the Clerk to be aware of any changes to statutory regulations or applicable proper practices. The Clerk may also attend relevant training courses as part of her personal development.

Assertion 4 — Exercise of public rights

Last year's AGAR documentation was published on the website and notice boards, and the public rights notification was appropriately advertised. This was specifically checked by the internal auditor.

Assertion 5 — Risk management

A comprehensive risk register is provided, which is reviewed in March and September as a minimum. Additional risk assessments are created for all new activities.

Assertion 6 — Internal audit

Two independent internal audits have been completed during the year. The auditor's independence is reported in the council minutes.

Assertion 7 — Reports from auditors

All feedback from auditors has been taken into account.

AGS Assertion 8 — Significant events

The council has fully disclosed its business activities during the year and any events taking place after the year-end, and confirms that any financial implications have been considered in the accounting statements.

Assertion 9 — Trust funds (local councils only)

The council acts as the sole managing trustee of the Littleton Recreation Ground Foundation. No money has been paid to, or received by, the charity.

Assertion 10 – Digital and Data compliance

Emails and Website: The council's generic email account clerk@lhpc.org.uk meets requirements. The domain is hosted on behalf of the Parish Council. The Parish Council's website www.lhpc.org.uk meets website accessibility guidelines.

Compliance: The council complies with the Data Protection Act, the Freedom of Information Act and the appropriate transparency codes.

Policies: The council has an IT policy, a Data Protection policy, a Privacy Policy, a Subject Access Request policy, a Freedom of Information Policy and a Document Retention Policy. The council has recently completed a data audit.