Bodfari CC Statement on the System of Internal Control

1 SCOPE OF RESPONSIBILITY

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is required to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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.

2 THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. The framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) identifies three underlying principles of good governance, namely:

- openness and inclusivity
- integrity
- accountability

The principles of corporate governance should be embedded into the culture of each local authority. Furthermore, each local authority has to be able to demonstrate that it is complying with these principles.

This Statement of Internal Control forms part of the overall process within the Council of monitoring and reporting on the adequacy and effectiveness of the corporate governance arrangements, particularly those in respect of risk management and 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, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them.

3 THE INTERNAL CONTROL ENVIRONMENT

The requirement to have a sound system of internal control covers all of the Council's activities. The internal control environment within the Council consists of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of internal control within the Council consist of policies and guidance, political processes, management and decision making processes, financial management,

compliance arrangements and risk management.

Policies and Guidance

Specific policies and written guidance exist to support the corporate governance arrangements and include

- Formal Codes of Conduct for members and employees
- Protocol on Officer / Member Relations
- Financial Regulations and Standing Orders
- Payments of interests, gifts and hospitality
- Risk Register
- Key elements of a Local Code of Corporate Governance are in place.

Political Processes

The Council is responsible for agreeing overall policies and setting the budget. The Council is responsible for decision making within the policy and budget framework set by the Council.

Financial Management

The Clerk, as the RFO, has the overall statutory responsibility for the proper administration of the Council's financial affairs, including making arrangements for appropriate systems of financial control.

The Financial Regulations lay out roles the responsibilities for the day to day financial management of the Council.

Risk Management

The Council completes a formal risk assessment annually.

4 REVIEW OF EFFECTIVENESS

The purpose of this section is to evaluate the effectiveness of the Internal Control systems detailed in section 3.

The effectiveness of the system of internal control is informed by:

- External auditors in their annual audit letter and other report.
- Regular reviews of the Council's Constitution and Financial Regulations.

Internal Audit Annual Report

The role of the Internal Auditor is to ensure that:

- all operations are conducted effectively, efficiently and economically in accordance with policies, good governance, laws and regulations;.
- the assets of the Council are safeguarded;
- records and reports of the Council are accurate and reliable; and
- fraud and corruption is deterred, prevented or detected.

Further Risks

Work is ongoing to ensure that procedures are applied consistently in all areas.

5 CONCLUSION

Bodfari Community Council has considered this report and is assured that plans are in place to address known weaknesses and promote continuous improvement.

This was agreed and minuted 12th May 2026