

# ELMSWELL PARISH COUNCIL

## INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2021

### 1. SCOPE OF RESPONSIBILITY

Elmswell 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.

### 2. 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.

### 3. THE INTERNAL CONTROL ENVIRONMENT

#### **The Council:**

The council reviews its obligations and objectives and approves budgets for the following year at either its December or January meeting. That meeting approves the level of precept for the following financial year.

The full council meets 11 times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the parish clerk.

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

#### **Clerk to the Council/Responsible Finance Officer:**

The Council has appointed a 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 noting or for approval. Two members of the council must sign every cheque or order for payment. The signatories should consider each payment against the relevant invoice, sign the invoice and initial the cheque counterfoil. All authorised cheque signatories are members of the Council. Where delegation permits, as per s.101(1)(a) of the Local Government Act of 1972 and the Council’s Financial Regulations, a report will be provided to the next full Council.

**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 in May, 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 control
- Regulations
- Risk management

**External Audit:**

The council’s external auditors, submit an annual certificate of audit which is presented to the Council.

**4. 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.

.....  
Chairman

.....  
Clerk

This Statement was approved and adopted by Elmswell Parish Council on

Meeting date:.....Ref.....

## ELMSWELL PARISH COUNCIL

### INTERNAL CONTROL REPORT

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.’

As part of its internal control, Elmswell Parish Council has appointed a non-signatory Councillor to conduct a review of the system of internal control via the following tests with a written report of any findings to be submitted to the Council and minuted as received.

CONTROL TEST	FINDINGS – check text and/or documents and initial
Ensuring an up to date Register of Assets	Noted at Annual Meeting
Regular maintenance arrangement for physical assets	Typically: GSHP / Alarm system
Annual review of risk and the adequacy of Insurance cover	Noted at Annual Meeting
Annual review of financial risk	Noted at Annual Meeting
Standing Orders and Financial regulations adopted	Last revision
Annual review of contracts with external agencies where appropriate	Grass cutting
Regular bank reconciliation, independently reviewed	Chairman signs at each meeting
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	As presented at each meeting
Payments supported by invoices, authorised and minuted	Check paper trail
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Check paper trail

Scrutiny to ensure precept recorded in the cashbook agrees to District Council notification	Check documents
Contracts of employment for staff PAYE/NIC properly operated by the Council as an employer	Check sample PAYROLL MANAGER accounts package automatically computes
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cash-book	Check documents
Regular financial reporting to Parish Council	As presented at each meeting
Regular budget monitoring statements as reported to Parish Council	As presented at each meeting as 'financial overview'
Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £500 recorded	Identified on monthly 'Authorised Payments' report Website under, 'Governance'
Verifying that the Council is compliant with the General Data Protection Regulation & Freedom of Information Act compliance.	ICO Data Protection Certificate to 03.07 2021 FOI as scheduled on website
Minutes properly numbered and paginated with a master copy kept in for safe-keeping	Note sequential numbering for calendar year, check Minutes for binding
Procedures in place for recording and monitoring Members' Interests	As lodged with BMSDC
Adoption of Codes of Conduct for Members	Adopted – Minute Ref 21.07.14
Declarations of Acceptance of Office	Check Register

Review of system of Internal Controls carried out by: .....

Signature..... Date.....

Report submitted to Council on .....ref.....

Additional comments by reviewer: