

# LOUND PARISH COUNCIL

## INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2021

### 1. SCOPE OF RESPONSIBILITY

Lound 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 its January meeting. The January meeting of the council approves the level of precept for the following financial year.

The full council usually meets on alternative months 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 approval. If necessary, payments under £30 can be made with the agreement of the Chair and Clerk or the Chair and Vice Chair. These payments will then be presented to the Council retrospectively at the next Council meeting. 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. [No officer of the Council can sign cheques.] 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. Two members must authorise all online payments.

**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 it's:


- 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.

  
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Chairman

  
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RFO/Clerk

Approved and adopted by Lound Parish Council

Meeting date: DD/MM/YYYY

01/03/2021

## LOUND 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, the Parish Council has appointed a non-signatory Councillor to conduct a review of the system of internal control via the following tests on an annual basis with a written report of any findings to be submitted to the Council and minuted as received.

CONTROL TEST	TEST DONE	COMMENTS – check documents and initial
	<b>Yes or No</b>	
Ensuring an up-to-date Register of Assets	Yes	Dated Jan 2018. Noted Speed Gun not currently in PC possession. Recommend review 21/22.
Regular maintenance arrangement for physical assets	Yes	No formal schedule exists, although periodic inspections take place ad hoc and/or public reports acted upon.
Annual review of risk and the adequacy of Insurance cover	Yes	Insurance scope and risks covered discussed at PC meeting. MoM Feb 2020 refers
Annual review of financial risk	Yes	Risk Assessment was agreed at meeting 11 May 2020.
Awareness of Standing Orders and Financial regulations	Yes	Standing Orders, including the Financial regulations were agreed at meeting 11 May 2020 and are available on the website.
Adoption of Financial and Standing Orders		Standing Orders, which include financial matters, adopted at meeting 11 May 2020. Recommend that “Standing Or-

		ders” be retitled to “Standing Orders (including Financial)”
Regular reporting on performance by contractors	Yes	Contractor performance is reported at contract renewal or on an as required basis. Ad hoc contracts raised to execute maintenance or project scope is reported at each regular meeting occurring during the contract period, or ad hoc (eg site attendance) as required. (eg MoM 3 August 2020 for Blacksmiths Loke resurfacing)
Annual review of contracts (where appropriate)	Yes	Small number only. List of contracts included in annual Budget setting, and need/strategy for each reviewed. Refer MoM 18 January 2021
Regular bank reconciliation, independently reviewed	Yes	Bank reconciliation submitted to whole Council, checked and agreed at each regular meeting. (eg MoM 3 August 2020)
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Yes	Actual Income and Expenditure and Forecast Income and Expenditure presented alongside the annual budget for comparison at each regular Council meeting for whole Council review. (eg end December 2020 Finance Pack and MoM 4 January 2021)  Expenditure, if at variance with budget plan, is discussed at each regular Council meeting (eg MoM 11 May 2020)
Recording in the minutes or appendices of the minutes the precise powers under which expenditure is being approved	Yes	Expenditure is authorised by the whole Council at each regular meeting. (eg MoM 7 September 2020).  No expenditure within S137 criteria during Audit period.  It is recommended that the requirement to record such expenditure should be included within Standing Orders.
Payments supported by invoices, authorised and minuted	Yes	Invoices are seen by the two financial signatories (Chair and Vice Chair). These are held by the clerk. All payments are authorised at a full PC meeting, and minuted.
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Yes	The two official signatories (Chair and Vice Chair) have access to online banking accounts, and these are checked whenever a financial transaction takes place. At least once every two months the cash books, showing all transactions, are presented to the two signatories for their perusal, before the accounts etc are presented to the full PC

		meeting.
Scrutiny to ensure precept recorded in the cashbook agrees to District Council notification	Yes	Remittance Advices received from ESC dated 29/4/20 and 30/9/20 correspond to cashbook entries, which forms part of Finance pack presented to PC at each regular meeting (eg ref Dec 2020 Finance Pack)
Contracts of employment for staff  Contract annually reviewed  Updating records to record changes in relevant legislation  PAYE/NIC properly operated by the Council as an employer	Yes	Parish Clerk is the only employee. Contract of Employment in place  20/21 review of Parish Clerk Contract undertaken, including current legislation and revised accordingly.  PAYE/NIC managed on behalf of the Council by contracted service provider
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook	Yes	This is recorded in the cash books and will be reclaimed in due course.
Regular financial reporting to Parish Council	Yes	Planned and Actual Incomes and Expenditures and Bank reconciliation reported at each regular meeting. MoMs refer
Regular budget monitoring statements as reported to Parish Council	Yes	Above reports include forecast to year end against planned budget
Compliance with DCLG Guide <i>Open &amp; Accountable Local Government</i> 2014, Part 4:  Officer Decision Reports	Yes	An agenda is published on the website and on the two village PC noticeboards giving a clear 3-day notice of every full PC meeting.  The draft minutes are published on the noticeboards and on the website as soon as possible after each meeting and the signed minutes are posted as soon as possible after agreement at the following PC meeting.

		Any decisions are recorded in minutes.
Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £500	Yes	All items of expenditure are approved and minuted at PC meetings which take place at least every two months. Minutes are published on the website in a timely fashion which fulfils the requirements of the Code.
Minutes properly numbered and paginated with a master copy kept in for safekeeping	Yes	MoM numbered and paginated as a continuum over complete calendar year. Master copies held by Parish Clerk.
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality	Yes	In addition to members online at <a href="https://roi.cmis.uk.com">https://roi.cmis.uk.com</a> , pecuniary interests requested and recorded at each meeting. MoMs refer. (eg 3 August 2020).  Recommend that gifts offered and declined or accepted should be requested at each regular meeting.
Adoption of Codes of Conduct for Members	Yes	This is available at: - <a href="http://lound.onesuffolk.net/assets/Uploads/Policies/Code-of-Conduct-for-Councillors.pdf">http://lound.onesuffolk.net/assets/Uploads/Policies/Code-of-Conduct-for-Councillors.pdf</a>  The Code of Conduct was adopted on 7 March 2012
Declaration of Acceptance of Office	Yes	These are all completed and held by the Clerk.

Date of review of system of Internal Controls.....12 February 2021.....

Review of system of Internal Controls carried out by:

Name.....P. Strowlger.....Signature..... *ASL* .....

Report submitted to Council (date)..... 01/03/2021 .....

(minute reference) ..... 21/05 - 9 .....

Next review of system of Internal Controls due:

To be undertaken during 2021/22 and to be completed for review by the full PC meeting in March 2022

Additional comments by reviewer: