

## HOLLESLEY PARISH COUNCIL

### INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2022

#### 1. SCOPE OF RESPONSIBILITY

Hollesley 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.

All Councillors with banking authorisation have responsibility for bank reconciliation checks.

The full council meets 12 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 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 (if payment by cheque). In the case of online payments, the invoices are sent to the authorisers and the payments are only second authorised where an invoice is available.

For authorised cheque signatories are members of the Council, along with the Clerk. The Clerk can sign cheques or authorise payments. 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 March, 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.

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Chair

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RFO/Clerk

Approved and adopted by Hollesley Parish Council

Meeting date:

## HOLLESLEY 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 the Clerk 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 (Yes or No)	COMMENTS – check documents and initial
Ensuring an up to date Register of Assets	Yes	List is reviewed every 6 months
Regular maintenance arrangement for physical assets	Yes	Maintenance Officer appointed
Annual review of risk and the adequacy of Insurance cover	Yes	Reviewed every March or when insurance papers are received
Annual review of financial risk	Yes	Reviewed every March
Awareness of Standing Orders and Financial regulations	Yes	SALC advice received on any recommended updates and FRs amended after online banking was approved
Adoption of Financial and Standing Orders	Yes	As displayed in Minutes and on Website
Regular reporting on performance by contractors	Yes	Clerk review's work on Maintenance Officer and reports back to Council
Annual review of contracts (where appropriate)	Yes	For Example, Contract for Litter Picking reviewed in February each year

Regular bank reconciliation, independently reviewed	Yes	A different Councillor reviews the bank accounts each month
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Yes	Unless an emergency, each payment is approved at Full Council
Recording in the minutes or appendices of the minutes the precise powers under which expenditure is being approved	N/A	Council declared the Power of Competence in May 2019
Payments supported by invoices, authorised and minuted	Yes	As can be seen in Accounts Folder
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Yes	Almost all payments received online
Scrutiny to ensure precept recorded in the cashbook agrees to District Council notification	Yes	As checked by Internal Auditor
Contracts of employment for staff	Yes	As held by Clerk and Chair
Contract annually reviewed	Yes	Clerk and Chair/Vice Chair hold an annual review
Updating records to record changes in relevant legislation	Yes	As and when notified by SALC
PAYE/NIC properly operated by the Council as an employer	Yes	SALC undertake all Pay, PAYE and Pension calculations and these are sent each month to the Chair and Vice-Chair
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook	Yes	As shown in the Cashbook
Regular financial reporting to Parish Council	Yes	Accounts sent to Councillors each Month
Regular budget monitoring statements as reported to Parish Council	Yes	Budget Sheet updated each month
Compliance with DCLG Guide <i>Open &amp; Accountable Local Government 2014, Part 4:</i>  Officer Decision Reports	Yes	As shown in Minutes

Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £500	Yes	As shown in Minutes
Verifying that the Council is compliant with the General Data Protection Regulation requirements Are the following in place: <ul style="list-style-type: none"> <li>• Audit / Impact Assessment</li> <li>• Privacy Notices</li> <li>• Procedures for dealing with Subject Access Requests</li> <li>• Procedure for dealing with Data breaches</li> <li>• Data Retention &amp; Disposal Policies</li> </ul>	Yes	As seen on Website
Minutes properly numbered and paginated with a master copy kept in for safekeeping	Yes	As seen on Website
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality	Yes	Question asked at beginning of each meeting
Adoption of Codes of Conduct for Members	Yes	Reviewed Annually
Declaration of Acceptance of Office	Yes	Held by the Clerk

Date of review of system of Internal Controls: [1<sup>st</sup> April 2022](#)

Review of system of Internal Controls carried out by:

Name: [Judi Hallett](#)

Signature: *J Hallett*

Report submitted to Council

(date): [21<sup>st</sup> April 2022](#)

(minute reference) [tbc](#)

Next review of system of Internal Controls due: [1<sup>st</sup> April 2023](#)

Additional comments by reviewer: [None](#)