

HINDERCLAY PARISH COUNCIL

INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2021

1. SCOPE OF RESPONSIBILITY

Hinderclay 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 meets six 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. 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 it's:

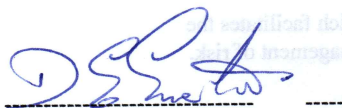
- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management

External Audit:

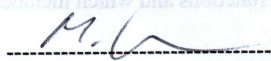
The council's external auditors, submit an annual certificate of audit which is presented to the Council.

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.



Chairman



RFO/Clerk

Approved and adopted by Hinderclay Parish Council

Meeting date:

11/03/2021

HINDERCLAY 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 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
	Yes or No	
Ensuring an up to date Register of Assets	YES	Performed at May meeting
Regular maintenance arrangement for physical assets	YES	Performed at May meeting
Annual review of risk and the adequacy of Insurance cover	YES	Reviewed and agreed at July meeting
Annual review of financial risk	YES	Performed at May meeting
Awareness of Standing Orders and Financial regulations	YES	Reviewed annually at May meeting
Adoption of Financial and Standing Orders	YES	Adopted at May meeting
Regular reporting on performance by contractors		Not applicable
Annual review of contracts (where appropriate)		Not applicable
Regular bank reconciliation, independently reviewed	YES	Performed and minuted at each ordinary meeting
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	YES	Budget, bank reconciliation and expenditures reviewed and approved at every ordinary meeting
Recording in the minutes or appendices of the minutes the precise powers under which expenditure is being approved	YES	Recorded under the 'Issue cheques' item in the minutes
Payments supported by invoices, authorised and minuted	YES	Recorded under the 'Issue cheques' item in the minutes. Invoices are checked against the schedule and initialled.
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	YES	Scrutinised as part of the budget review and bank reconciliation performed at each ordinary meeting.
Scrutiny to ensure precept recorded in the cashbook agrees to District Council notification	YES	Scrutinised as part of the budget review and bank reconciliation performed at each ordinary meeting.
Contracts of employment for staff	YES	Suffolk Association of Local Councils is contracted to properly operate the Council's PAYE and NICs.
Contract annually reviewed	YES	
Updating records to record changes in relevant legislation	YES	
PAYE/NIC properly operated by the Council as an employer	YES	
VAT correctly accounted for VAT payments	YES	VAT payments and reclaims recorded in

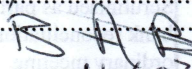
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identified, recorded and reclaimed in the cashbook		cashbook and budget statement.
Regular financial reporting to Parish Council	YES	Performed at every ordinary meeting.
Regular budget monitoring statements as reported to Parish Council	YES	Performed at every ordinary meeting.
Compliance with 2014 Regulations: Officer Decision Reports ALL ACTIONS POSTED ON AGENDA AND RECORDED IN MINUTES	YES	It was agreed to publish all of the Council's agendas following a review of the external audit report in September 2020. This should assist in ensuring that the decisions of Councillors are subject to the appropriate level of public scrutiny.
Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £500	YES	Local Transparency Code 2014 adopted in November 2019. All items of expenditure are published in the minutes of each ordinary meeting.
Minutes properly numbered and paginated with a master copy kept in for safekeeping	YES	Signed copies kept by Clerk with numbered pages.
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality	YES	Register of Members' Interests completed in July 2019. An item to receive Councillor's declarations of interest is a standing item on the agenda of each meeting. Councillors are obliged by the Code of Conduct to report gifts and hospitality of £25 or more within 28 days.
Adoption of Codes of Conduct for Members	YES	Suffolk Local Code of Conduct last adopted in July 2019.
Declaration of Acceptance of Office	YES	Recorded in May meeting.

Date of review of system of Internal Controls..... 17/02/2021

Review of system of Internal Controls carried out by:

Name..... B. A. BRINKLEY

Signature..... 

Report submitted to Council (date)..... 11/03/2021

(minute reference)..... 6B

Next review of system of Internal Controls due..... 11/03/2022

Additional comments by reviewer: