

WALDRINGFIELD PARISH COUNCIL

INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31ST MARCH 2020

1. SCOPE OF RESPONSIBILITY

Waldringfield 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 November or December meeting. The November/December meeting of the council 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/Responsible Financial Officer.

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 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.

Approved and adopted by Waldringfield Parish Council.

Meeting date: 10th March 2020

WALDRINGFIELD PARISH COUNCIL

REVIEW OF INTERNAL FINANCIAL CONTROLS AND OF THE ANNUAL INTERNAL AUDIT (March 2020)

The Accounts & Audit (England) Regulations 2015 aims to strengthen the governance and accountability of local councils through requirements related to internal control and internal audit.

To meet these requirements we two councillors have, as requested by the Parish Council, reviewed the effectiveness of the internal audit (its independence, competence, proportion and scope) and have also examined the adequacy and effectiveness of the Council's financial management and its system of internal control.

In order to undertake this review the following documents have been observed:

- The most recent internal audit of 2018-2019 which was conducted by Heelis and Lodge on 14/05/19. We have reviewed its recommendations which have either been already implemented or are in hand to be so very shortly.
- The minutes of the Parish Council.
- A range of financial and insurance documentation.
- Returns to HMRC.

We witnessed the operation of the 'Scribe' financial package which the Parish Council uses for its accounts with its ability easily to produce reconciliations and reports. Back up is in the Cloud and many items are related to hard copies which we observed are kept filed in an orderly fashion.

We have interviewed the Clerk as the Responsible Financial Officer and she has answered questions to our satisfaction. We have neither undertaken an audit nor made a formal examination of the accounts, responsibilities which are undertaken annually by the council's appointed internal auditor.

We consider our review a proportionate response given the small annual turnover of the Parish Council and the fact that reports are made to each monthly Parish Council meeting of all financial transactions of the previous period and those requiring authorisation. This helps to ensure a high degree of public transparency and accountability.

We are positively impressed by the care and thoroughness with which the Clerk deals with the Parish Council's finances. We have confidence in the Council's existing systems of internal control. We are satisfied with the effectiveness of the most recent internal audit (for 2018-19).

We have used the following test list as recommended by the Suffolk Association of Local Councils:

CONTROL TEST	TEST DONE	COMMENTS
Ensuring an up to date Register of Assets	Yes	Last reviewed in May 19 and to be reviewed on 10/03/20.
Regular maintenance arrangement for physical assets	Yes	On an as required basis.
Annual review of risk and the adequacy of Insurance cover	Yes	Last risk assessment reviewed 12/03/19, with a review due on 10/03/20. Insurance cover is index linked and is reviewed at the time of renewal.
Annual review of financial risk	Yes	Undertaken as part of budgeting process including level of reserves.
Awareness of Standing Orders and Financial regulations	Yes	Reviewed and minuted.
Adoption of Financial & Standing Orders	Yes	Standing Orders reviewed & minuted 14/05/19 Financial Standing Orders reviewed & minuted 10/09/19
Regular reporting on performance by contractors	Yes	Performed on an as required basis
Annual review of contracts (where appropriate)	No	Not applicable
Regular bank reconciliation, independently reviewed	Yes	Monthly at the Parish Council meeting
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Yes	Monthly at the Parish Council meeting
Recording in the minutes or appendices of the minutes the precise powers under which expenditure is being approved	Yes	This should be done for all non-routine items.
Payments supported by invoices, authorised and minuted	Yes	Monthly at the Parish Council meeting
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Yes	Monthly at the Parish Council meeting
Scrutiny to ensure precept recorded in the cashbook agrees to ESC notification	Yes	At the Parish Council meeting following receipt.
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	The Clerk is the only employee. Contract reviewed annual HMRC and pension requirements responded to.
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook	Yes	Annually at year end.
Regular financial reporting to Parish Council	Yes	Monthly at the Parish Council meeting
Regular budget monitoring statements reported to Parish Council	Yes	Monthly at the Parish Council meeting
Compliance with 2014 Regulations: Officer Decision Reports	No	Not applicable
Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £100	Yes	Monthly at the Parish Council meeting
Minutes properly numbered and paginated with a master copy kept in for safekeeping	Yes	File observed. Back up on the PC computer and also in the Cloud.
Procedures in place for recording and	Yes	Covered by members declarations to ESC

monitoring Members' Interests and Gifts of Hospitality		
Adoption of Codes of Conduct for Members	Yes	Following an election
Declaration of Acceptance of Office	Yes	Following an election

Date of review of System of Internal Controls: 4th March 2020

Review of system of Internal Controls carried out by:

Colin Archer Signature.....

Colin Reid Signature.....

Report submitted to Council: 10th March 2020

Next review of system of Internal Controls due: March 2021

Recommendations by reviewers:

1. Re-appointment of the current internal auditors.
2. Instigation of a more formal review of assets (eg walk around at defined time in year).
3. Clerk to flag up in the minutes the powers invoked for each item of non-routine expenditure.
4. Policies regarding financial reserves and virement between budget headings should be reviewed.