

Model Internal Control Statement and Report to Council. This document should be tailored to meet the needs of your Council particularly where [] are shown.

## HOLTON PARISH COUNCIL

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

#### 1. SCOPE OF RESPONSIBILITY

Holton 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 also approves the level of precept for the following financial year.

A Councillor is appointed to have responsibility for bank reconciliation checks.

The full council meets 6 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.

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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.

**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 February/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 it's:

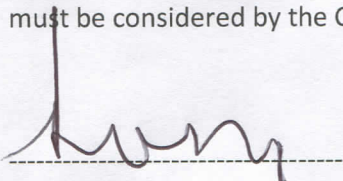
- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management

**External Audit:**

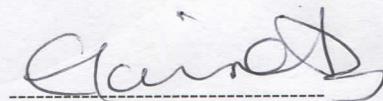
The council's external auditors, submit an annual certificate of audit which is presented to the Council.

**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 Holton Parish Council

Meeting date: 9.3.2022

**HOLTON PARISH COUNCIL**

INTERNAL CONTROL REPORT

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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 ie. 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 a six monthly 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
	Yes or No	
Ensuring an up to date Register of Assets	Y	Observed electronic copy
Regular maintenance arrangement for physical assets	Y	Contract no RSE/Komlan
Annual review of risk and the adequacy of Insurance cover	Y	Yearly + minute record
Annual review of financial risk	Y	Yearly + bi monthly.
Awareness of Standing Orders and Financial regulations	Y	Minutes confirmed
Adoption of Financial and Standing Orders	Y	Confirmed.
Regular reporting on performance by contractors	Y	where relevant.
Annual review of contracts (where appropriate)	Y	Sitta
Regular bank reconciliation, independently reviewed	Y	Observed + signatures
Regular scrutiny of financial records and	Y	

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proper arrangements for the approval of expenditure	Y	Dual signature audit trail
Recording in the minutes or appendices of the minutes the precise powers under which expenditure is being approved	Y	
Payments supported by invoices, authorised and minuted	Y	Box file reviewed.
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Y	Confirmed by minutes where appropriate
Scrutiny to ensure precept recorded in the cashbook agrees to District Council notification	Y	Spreadsheet inspected.
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		ARC payroll services.
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook	✓	Records complete.
Regular financial reporting to Parish Council	✓	Each meeting
Regular budget monitoring statements as reported to Parish Council	✓	@trly.
Compliance with DCLG Guide <i>Open &amp; Accountable Local Government 2014</i> , Part 4: Officer Decision Reports	✓	
Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £500	✓	

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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>	✓ ✓ ✓ ✓ ✓	website.
Minutes properly numbered and paginated with a master copy kept in for safe-keeping	✓	hard copy + electronic copy.
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality	✓	centrally held.
Adoption of Codes of Conduct for Members	✓	minutes.
Declaration of Acceptance of Office	✓	held

Date of review of system of Internal Controls..... March 2022.

Review of system of Internal Controls carried out by:

Name..... RICHARDS BAY ..... Signature..... [Signature] .....

Report submitted to Council (date)..... 9.3.2022 .....

(minute reference) ..... 121 11 .....

Next review of system of Internal Controls due..... March 2023. ....

Additional comments by reviewer: