Statement of Internal Control

Year ending March 2024

1. **Scope of Responsibility**
   South Brent 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**
   <u>The Council</u>:
   The council reviews its obligations and objectives and approves budgets for the following year at its November meeting. The January meeting of the council approves the level of precept for the following financial year.
   The council has appointed a finance and human resources and human resources committee. Normally the committee meets four times during the financial year. Members of the committee monitor progress against objectives, financial systems and procedures, budgetary control and conduct regular reviews of financial matters. The minutes of the meetings of the committee are circulated to all members of the council. The Chair of the committee reports back to the full council after each committee meeting.
   The Full Council meets twelve times a year. The council monitors progress against its aims and objectives at each of these meetings by receiving relevant reports from the finance and human resources committee, the Chair of the council, the parish clerk/responsible financial officer (RFO).

The Council is a member of Devon Association of Local Councils (DALC) and has regularly sought training and advice from them.

<u>Clerk to the Council/RFO</u>
The council has appointed a clerk to the council who acts as the council's advisor and administrator. Currently the clerk is the council's RFO and is responsible for administering the council's finance and human resourcess. 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/RFO also provides advice to help the council ensure that its procedures, control systems and policies are adhered to.

The clerk/RFO regularly joins training sessions on a variety of subjects, usually organised by DALC. The details of this training are given to the full council in the clerk/RFO's report. The clerk/RFO takes full advantage of the advice available from DALC, the National Association of Local Councils (NALC) and through membership of the Society of Local Council Clerks (SLCC).

Payments

All payments and receipts are reported to the council for approval. Two councillors must sign every cheque or order for payment, recommend that payments are made, or receipts acknowledged. The signatories should consider each cheque against the relevant invoice, sign the invoice and initial the cheque counterfoil. All authorised cheques signatories are members of the Council. No officer of the council can sign cheques.

Once approved by the council, the Council will authorise online payment or sign cheques. Where delegation permits (s.101(1)(a) of the Local Government Act of 1972 and the council's Financial Regulations), the clerk may arrange for a payment to be made. This would be reported at the next full council meeting.

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 finance and human resources committee reviews the council's risk assessments annually in May. The committee's conclusions are presented to the full council. This involves a review of finance 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 this review must be considered by the Council, which should also approve the Statement of Internal Control.

Chairman. *Cllr. Glyn Richards* RFO/clerk *Sophie Jones*

Meeting date: 20th May 2024

Statement of Internal Control

Year ending March 2024

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.'

If residents of the parish question by e-mail, letter or in person the council's decisions made about financial matters the RFO will respond to these once the council has decided if a response is necessary. The council will approve any response. Where questions raise serious concerns, these will be responded to following the next finance and human resources committee or full council meeting whichever is sooner. Where questions raise queries or points of clarification these will be considered after the next full council meeting and a response sent or not.

Any questions raised by residents will be posted on the parish council website together with the response from the council.

As part of its internal control, the South Brent Parish Council appoints a non-signatory councillor to conduct a review of the system of internal control via the following tests, annually. The written report of any findings is submitted to the council and minuted as received.

Statement of Internal Control

Year ending March 2024

Control test	Tested	Comments
Ensuring an up-to-date register of assets	Y	Reviewed at Land & Estates 13.3.23.
Regular maintenance arrangement for physical assets	Y	Schedule of maintenance and frequency of checks added to assets register
Annual review of risk and the adequacy of Insurance cover	Y	Reviewed by Finance and human resources Meeting 24.4.23
Annual review of financial risk	Y	Reviewed at Finance and human resources Meeting 24.4.23
Awareness of Standing Orders and Financial Regulations	On going	Due to the inevitable changing of council membership, there will always be a different level of familiarity with the Standing Orders and Financial Regulations. However, with ongoing training and the support of the RFO and Clerk, all members will be acting within the parameters and rules of the SO and Fin Regs
Adoption of Financial Regulations and Standing Orders	Y	Fin Regs – April 2023 Standing Orders – April 2023
Reporting on performance by contractors	N	As necessary.
Review of contracts (which were renewed during the financial year)	Y	Grounds maintenance advertised and renewed for 3 years (January 2023 – December 2025)
Regular bank reconciliation, independently reviewed	Y	By all Cllrs at each full council meeting, preceded by two Cllrs comparing balances on reconciliation and bank statements + internal audit.
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Y	Finance and human resources Committee quarterly and at each full council meeting (Fin Regs section 5)
Recording in the minutes the precise powers under which expenditure is being approved	Y	Recorded on payment worksheet and included in pay/receipts summary presented to councillors at each full meeting.
Payments supported by invoices, authorised and minuted	Y	At monthly full council meetings.
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Y	At full council meetings and audited at Finance and human resources Committee.

Statement of Internal Control

Year ending March 2024

Scrutiny to ensure precept recorded in the accounts workbook agrees with district council notification	Y	Finance and human resources Committee meetings April and October
VAT correctly accounted for VAT payments identified, recorded, and reclaimed in the cashbook	Y	VAT claimed quarterly
Contracts of employment for staff annually reviewed Updating records to reflect changes in relevant legislation PAYE/NIC properly operated by the council as an employer	Y Y Y	During annual performance reviews (September) Following RFO attendance at HMRC briefing webinars, DALC training and NALC legal topic notes Use of HMRC software, 'Basic PAYE Tools'
Regular financial reporting to full council	Y	Reconciliation statement presented at each full council meeting by RFO + Finance and human resources Committee Chairman reports to council after each Finance and human resources meeting (4 per year) Reconciliation includes current state of earmarked reserves and comparative list of monthly amount held in bank.
Regular budget monitoring statements are reported to full council	Y	Reconciliation statements + quarterly after Finance and human resources meeting
Compliance with DCLG guide, 'Open & Accountable Local Government 2014', part 4: Officer Decision Reports	Y	Decisions on low value purchases (day-to-day expenses) only. This is fully detailed, with invoices at next full council meeting. All other decisions made in discussion with Chair, then fully reported to the council and therefore minuted. e.g. grounds maintenance contract in 2019
Minutes properly numbered and paginated with a primary copy kept in for safekeeping	Y	In place
Procedures in place for recording and monitoring members' interests and gifts of hospitality	Y	Importance highlighted by Chair at the first council meeting (May) with the adoption of the Code of Conduct.
Adoption of Codes of Conduct for members	Y	Annually. Last reviewed 22.5.23
Declaration of acceptance of office	Y	Signed copies retained by Clerk

Statement of Internal Control

Year ending March 2024

Additional comments by reviewer It would make sense to conduct this review mid-way through the financial year. It would then complement the annual audit.

Date of review of system of Internal Controls. To be reviewed six monthly at finance and human resources meeting on 4th September 2023, and then at full council in May 2024.

Review of system of internal controls conducted by

Signature:

Report submitted to Council: 20th May 2024