
Statement of Internal Control for Year Ending 31 March 2021

1. Scope of Responsibility

Fressingfield 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 council has appointed a finance 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 carry out 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 receives the reconciliation statement each month. Two councillors check that balances on the reconciliation statement match those on the relevant bank statements.

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 finance committee, the Chair of the council, the parish clerk and the responsible financial officer (RFO).

The council carries out regular reviews of its internal controls, systems and procedures. See attached report.

Clerk to the Council/RFO: The council has appointed a clerk to the council who acts as the council's advisor and administrator. The clerk is the council's RFO 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 councillors from a group of four (called group A) recommend each payment once they have scrutinised and signed the relevant invoice and voucher. Once approved by the council, two members from a group of three (called Group B) will authorise online payments or sign cheques. Only members of the council may authorise online payments or sign cheques. Where delegation permits, as per 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 council reviews its risk assessments annually in February 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 includes a review of the effectiveness of internal audit. This was done at the finance committee meeting on 09/02/21. The results of that review are summarised below and were considered by the council on 16/02/21 and 16/03/21. On 16/02/21 the council also approved the statement of internal control.

DL Warne
D L Warne (Mar 14, 2021 11:42 GMT)

Chair



RFO/clerk

Approved and adopted by Fressingfield Parish Council

Meeting date: 16/03/2021

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 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.

Control test	Test done?	Comments – check documents and initial
Ensuring an up-to-date register of assets	Y	Approved at full council meeting on 15/09/20.
Regular maintenance arrangement for physical assets	Y	Schedule of maintenance to be added to assets register
Annual review of risk and the adequacy of Insurance cover	Y	full council 15/09/20
Annual review of financial risk	Y	FinCom 09/02/21
Awareness of Standing Orders and Financial Regulations	Developing!	Councillors and finance committee members understanding increases monthly, due to their experience in council and committee work
Adoption of Financial Regulations and Standing Orders	Y	16/3/21 and 19/01/21
Regular reporting on performance by contractors	N	Currently periodic. Will be done quarterly in clerk’s report to the council.

Control test	Test done?	Comments – check documents and initial
Annual review of contracts (where appropriate)	NA	Currently 3-year contracts for grounds maintenance (ends 10/22) and streetlights (ends 03/22).
Regular bank reconciliation, independently reviewed	Y	All Cllrs at each full council meeting when two Cllrs compare balances on reconciliation and bank statements.
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Y	FinCom 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 payments/receipts summary presented to councillors at each full meeting.
Payments supported by invoices, authorised and minuted	Y	Scrutinised monthly, as per Fin Regs 5.4
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	Y	At full council meetings and by FinCom.
Scrutiny to ensure precept recorded in the accounts workbook agrees with district council notification	Y	FinCom meetings April and October
Contracts of employment for staff annually reviewed	Y	During annual performance reviews (September)
Updating records to reflect changes in relevant legislation	Y	Following RFO attendance at HMRC briefing webinars + SALC training, and NALC legal topic notes
PAYE/NIC properly operated by the council as an employer	Y	Use of HMRC software, ‘Basic PAYE Tools’
VAT correctly accounted for VAT payments identified, recorded, and reclaimed in the cashbook	Y	Previously, claimed annually. Decided at FinCom (09/02/21) to claim each quarter.
Regular financial reporting to full council	Y	Each full council meeting by RFO + FinCom minutes quarterly

Control test	Test done?	Comments – check documents and initial
Regular budget monitoring statements are reported to full council	Y	Reconciliation statements + quarterly from Fin Com
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. All other decisions made in discussion with Chair, then fully reported to the council and therefore minuted. e.g. grounds maintenance contract in 2019
Compliance with Local Transparency Code Of 2014: Items of expenditure incurred over £500	NA	Only applies to parish councils with income or expenditure exceeding £200,000.
Minutes properly numbered and paginated with a master copy kept in for safekeeping	Y	In place
Procedures in place for recording and monitoring members' interests and gifts of hospitality	N	In future, to be emphasised by Chair at the first council meeting (May) with the adoption of the Code of Conduct.
Adoption of Codes of Conduct for members	Y	In May. see above
Declaration of acceptance of office	Y	

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

Date of review of system of Internal Controls: 13/03/2021

Review of system of internal controls carried out by Cllr D Warne

Signature: *DL Warne*
D L Warne (Mar 14, 2021 11:42 GMT)

Report submitted to Council: 16/03/21. Minute reference:

Next review of system of Internal Controls due in September 2021






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Final Audit Report

2021-03-14

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