

NEWTON & NOSS PARISH COUNCIL
STATEMENT OF INTERNAL CONTROL
FOR THE YEAR 2021-2022

SCOPE OF RESPONSIBILITY

Newton & Noss Parish Council (the Council) is a local authority funded largely by public money, and is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, Newton & Noss Parish Council is also 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.

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 ongoing 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.

Internal controls are set up by the Responsible Financial Officer (RFO) but it falls on the Council members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures, examination of financial comparisons and the recording of assets and liabilities. It will also include identification of risk, to evaluate the likelihood of those risks being realised (and the impact should they be realised), and to manage them efficiently, effectively and economically.

The system of internal control has been and will be in place at the Council for the year ended 31 March 2022 and up to the date of approval of the annual accounts.

THE INTERNAL CONTROL ENVIRONMENT

1. The Council

- The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chairman signs all the pages of the minutes.
- Decisions made should be within the Standing Orders and Financial Regulations laid down and approved by the Council.
- The Council has appointed a Budget and Finance Working Group. The Council reviews its obligations and objectives and approves a budget for the following year at its December or January meeting.
- The Council has in place a financial risk assessment which is reviewed annually together with insurance coverage and arrangements.

- The Council has in place a general risk assessment schedule comprising the risk assessments applicable to the Parish which is reviewed at least twice a year.
- The Council has appointed an Accounts Inspection Working Group which conducts an inspection of the accounts and supporting papers on a quarterly basis.
- Members of the working group and Council monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters.
- The full Council meets eleven times during the year 2021-2022. It monitors progress by receiving relevant reports from the working group and the Parish Clerk.
- The Council carries out regular reviews of its internal controls, systems and procedures.
- The Council receives a monthly financial statement which it approves at its Council meetings. Payments are made in accordance with Standing Orders and Financial Regulations.
- The Clerk has delegated authority to incur expenditure of up to £1000 on repairs, replacement or other work of extreme urgency and expenditure of up to £100 on routine maintenance and repairs with the budget.
- Payments are checked by three Councillors at Council Meetings. Two Councillors (out of four named signatories) have and will physically check the payments schedule and invoices and sign all cheques. The signatories also initial the cheque stubs. The Councillors checking the payments to ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice. The full Council authorises the payments made for each month.
- Payments are also made online via the Unity Trust Current Account where dual authorisation has been set up. Payments are set up by the Clerk and then have to be authorised by two signatories online. The Clerk has permission to set up payments but not authorise.
- At the year end, the Accounts Inspection Working Group ensures that the cash book totals are reconciled to the year end bank statement.

2. Clerk to the Council / Responsible Financial 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. The Clerk and Parish Council members are responsible for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Internal Audit

The Council has appointed an independent internal auditor to the Council to monitor the adequacy of its records, procedures, systems, internal control and risk management. The independent internal auditor will inspect the accounts at the year end and will complete the appropriate section of the Annual Governance and Accountability return. The independent internal auditor will write a separate report to the Council detailing any findings they might have. The report of the independent internal auditor is copied to all members of the Council and considered as an agenda item at the next meeting. Recommendations from the report will be recorded in the minutes.

External Audit

The Council's External Auditors, PKF Littlejohn LLP, appointed by the Smaller Authorities Audit Appointments Ltd for five years from 2017/18 - 2021/22, will submit an External Auditor's Report, which will be presented to the Council.

REVIEW OF EFFECTIVENESS

The effectiveness of the internal audit is reviewed annually by the Council. 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 and the Council must approve the Statement of Internal Control.

SIGNIFICANT INTERNAL CONTROL ISSUES

No internal control issues were identified during the financial year to 31st March 2021.

EXTERNAL AUDIT OPINION

There were no matters raised on the Annual Return for the financial year to 31st March 2021

The External Audit Report stated:

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Other matters not affecting our opinion which we draw to the attention of the authority:

The authority has received £338.50 and £385 in respect of a refund against expenditure during the prior and current year respectively and has accounted for it as a receipt in Section 2, Box 3 rather than netting it against the relevant expense. Whilst the Practitioners' Guide is silent on the matter, it is our view that the true cost to the authority should be shown on a net basis. Accounting on a gross basis inflates the gross income and gross expenditure of the authority and can push the authority into a higher fee band than it would otherwise be in.

Mr Peter Hinchliffe (Chairman)

Tamerlaine Gambie (Responsible Financial Officer/Clerk)

Internal control procedures approved by Newton & Noss Parish Council 9th December 2021.