

# **NORTH STAINLEY WITH SLENINGFORD PARISH COUNCIL**

## **STATEMENT OF INTERNAL CONTROL FOR THE 2015/16 FINANCIAL YEAR**

### **Introduction**

North Stainley with Sleningford Parish 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, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, North Stainley with Sleningford 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. Therefore a review of North Stainley with Sleningford Parish Council's internal controls for 2015/16 has been undertaken by Councillors in consultation with the Clerk at the Annual Parish Council Meeting.

North Stainley with Sleningford Parish has a population in the region of 518 and the precept for 2015/16 was set at £8,950.

The Council is responsible for the children's play area in North Stainley and also undertakes to cut the verges through North Stainley, contract a caretaker to carry out maintenance tasks in the parish, sponsor other local organisations and events and promote the use and maintenance of paths in the parish. The Council owns the majority of the communal open space in North Stainley.

### **The Council**

The Council reviews its obligations and objectives and approves a budget for the following year at its November meeting. That meeting also approves the level of precept for the following financial year.

The Council meets 6 times with additional meetings to consider planning applications and other urgent business being held as necessary each year. Actual income and expenditure is recorded at each meeting.

The Council has appointed a Staffing Committee. This committee has no delegated powers to incur expenditure. Its terms of reference and membership are reviewed and amended or approved at each Annual Parish Council meeting.

### **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 also 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.

### **Council's Documents**

The Council has adopted a set of Standing Orders and Financial Regulations which set out how payments made and contracts entered into by the Council are managed.

### **Risk Assessments / Risk Management**

The Council reviews and amends or approves its risk assessments at each Annual Parish Council Meeting.

The Council's insurance cover is also reviewed at each Annual Parish Council Meeting and the level of Fidelity Guarantee Insurance is kept at the recommended level (balances + half of precept, being the recommended amount of cash risk at any time).

### **Internal Audit**

The Council has appointed an independent internal auditor and takes appropriate steps to ensure that the internal audit follows proper practices as set out in the Practitioners Guide. For the 2014/15 year the Council's auditor was Mrs Sue Welch. At the time of carrying out this review an auditor had not yet been appointed for the 2015/16 financial year. The internal auditor completes the relevant section of the Annual Return which is presented to the Council once received.

The effectiveness of the internal audit is reviewed annually by the Council (see below).

### **External Audit**

The Council's external auditors, Littlejohn LLP, submit an annual Certificate of Audit, which is presented to the Council once received.

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## ANNUAL AUDIT PLAN FOR THE 2015/16 FINANCIAL YEAR

The plan refers to the processes which the Council follows to ensure clear and accountable procedures.

**Approved by the Council on: 19<sup>th</sup> May 2015**

**SIGNED:** ..... (Chairman)

Process to be Reviewed	Current Position	Action Necessary
Agreement of activity at each meeting.	Financial report prepared and circulated to Councillors prior to each meeting. Income and expenditure reported and recorded at each meeting. Bank statements are now reconciled to the financial report presented at each Parish Council meeting.	
Agreement of bank reconciliation.	Monthly bank reconciliations carried out by Clerk and checked by internal auditor. Reconciliation carried out at end of financial year is approved by Council. Council approves a bank reconciliation twice a year which is then signed off by the Chairman.	
Budget and precept process.	Considered and approved by Council each autumn. Financial statements which include budget comparison are presented to Council twice per year.	Done on 18/11/14.
Standing Orders Financial Regulations Risk Assessment Financial Risk Assessment Asset Register	Reviewed at each Annual Parish Council meeting. Last agreed on 20 <sup>th</sup> May 2014 and 19 <sup>th</sup> May 2015. Financial regulations fully updated at 2015 Annual Parish Council Meeting.	Other documents also need updating, especially Standing Orders and Risk Assessments.
Bank Accounts	2 members are required to sign cheques.	Majority of Council's reserves to be moved to Santander Business Reserve Account due to change in payment of interest.
Insurance Covers	Adequate insurance cover is maintained and then reviewed and approved by the Council at each Annual Parish Council Meeting.	Council to consider entering a 3 year agreement from 2015.
Annual Internal Audit	Auditor appointed annually by Council. A formal letter of appointment and terms of reference is given to the Internal Auditor each year. Remit of auditor is to carry out an inspection of the Council's affairs in accordance with the requirements set out in the Practitioner's Guide, Appendix 9.	
Interim and Electronic Payments	Payments to be made between meetings and via electronic banking are approved, via e-mail, by a quorum of Councillors.	Council to approve updated financial regulations setting out controls for use of internet banking.

### ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

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 are detailed overleaf.

## NORTH STAINLEY WITH SLENINGFORD PARISH COUNCIL

EXPECTED STANDARD	EVIDENCE OF ACHIEVMENT	DETAIL	COMMENTS
Scope of Internal Audit	Audit carried out in accordance with Appendix 9 of the Practitioner's Guide.	Formal letter of appointment and terms of reference given to Internal Auditor each year.	14/15 Internal Auditor has been given a checklist produced by YLCA.
Independence of Internal Auditor	Internal auditor has direct access to those charged with governance (see Financial Regulations). Reports are made in own name to Council. Internal Auditor does not have any other roles with the Council.	Internal Auditor has direct access to Clerk/RFO and any member of the Council as required. Auditor completes relevant section of Annual Return and provides a report to Council.	
Competence of Internal Auditor	No evidence that the internal audit work has not been carried out ethically with integrity and objectivity.	Internal Auditor is an experienced Clerk who has undertaken relevant training to fulfil this role.	
Relationships	Responsible Officer is consulted on the Council's audit plan.	Training programmes are available from YLCA for members and Clerks.	
Audit Planning and Reporting	The annual audit plan properly takes account of the risks facing the council and has been approved by the Council on 19 <sup>th</sup> May 2015.. The internal auditor reports in accordance with this plan. Follow up action and recommendations of internal audit are fully considered by Council.	Action from 2013/14 internal audit has been investigated and either implemented or the reasons for not doing so recorded in the minutes of Council meetings. <ul style="list-style-type: none"> <li>• Signing off bank reconciliations twice a year.</li> <li>• Clerk's expenses and wages are now separated in both the Council's accounts and on the annual return.</li> </ul>	2014/15 Internal Auditor's report is awaited at time of preparing this plan. Any resulting recommendations will be incorporated in to 2016/17 plan.