

GRANTLEY, SAWLEY, SKELDING AND EAVESTONE PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL FOR THE 2015/16 FINANCIAL YEAR

Introduction

Grantley, Sawley, Skelding & Eavestone Parish Council is a small, rural, 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, Grantley, Sawley, Skelding & Eavestone 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 the Parish Council's internal controls for 2015/16 has been undertaken by Councillors in co-operation with the Clerk.

Grantley, Sawley, Skelding & Eavestone Parish has a population in the region of 400, spread over 4 wards, and the precept for 2015/16 was set at £6,223.

The Council is responsible for the maintenance of Sawley Village Green, Grantley Playing Field, two playgrounds, and also undertakes verge grasscutting and contracts a parish caretaker to carry out maintenance works in the parish. The Parish Council also manages the proceeds of the sale of the Parish Room (£139,053.98 as at 31st March 2015).

The Council

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

The Council meets at least 6 times each year. Actual income and expenditure is recorded at each meeting.

There are currently no committees with delegated powers to incur expenditure within their terms of reference.

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 annually at the time of renewal and the level of Fidelity Guarantee Insurance is kept at the recommended level (balances + half of precept, being the maximum amount of cash risk at any time). This is an area of particular concern for this Council given that it holds in the region of £150,000 generated by the sale of the Parish Room in 2008.

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 2014/15 the Council's auditor was Mrs Sue Welch, Clerk to Darley and Menwith Parish Council. At the time of approving this report the Council had not appointed an auditor 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, in conjunction with a written report.

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

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External Audit

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

**ANNUAL AUDIT PLAN
FOR THE 2013/14 FINANCIAL YEAR**

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

Approved by the Council on: 26th May 2015

SIGNED: (Chairman)

| Process to be Reviewed | Current Position | Action Necessary |
|---|--|---|
| Agreement of activity at each meeting. | Income and expenditure reported and recorded at each meeting. Written report provided to Councillors. | |
| 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. Bank statements reconciled to financial report by Councillors at each meeting and signed by Chair and one other member. | |
| 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 11/11/14. |
| Standing Orders Financial Regulations Risk Assessment Asset Register | Reviewed at each Annual Parish Council meeting. Last agreed on 15 th May 2014 and 26 th May 2015. Asset register approved on 15 th January 2015. | Asset register to be updated as required due to changes in long term investments. |
| Bank Accounts | 2 members are required to sign cheques. Members also sign stubs of cheque books. Members approve electronic payments by e-mail. | Ensure that all current Councillors are signatories on the Council's accounts. Payment by direct bank transfers may be implemented if new financial regulations are agreed at 2015 Annual Parish Council Meeting |
| Insurance Covers | The Council maintains adequate insurance cover which is reviewed annually by the Clerk before approval by the Council. | Ensure that asset register and insurance schedule tally and that assets are correctly valued at the current rate. Council to enter in to a 3 year agreement with Came & Company Local Council Insurance. |
| Annual Internal Audit | Auditor appointed annually by Council. Remit of auditor is to carry out an inspection of the Council's affairs in accordance with the guidance from YLCA. | |

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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.

Each year, at the Annual Parish Council Meeting, the Council carries out this review, in conjunction with the Clerk. The results of this review are detailed below.

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| EXPECTED STANDARD | EVIDENCE OF ACHIEVMENT | DETAIL |
|----------------------------------|--|---|
| Scope of Internal Audit | Audit carried out in accordance with Appendix 9 of the Practitioner's Guide. | Guidance to be provided to auditor with letter of appointment. |
| 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. Recommendations from previous audits have been implemented. |
| Relationships | Responsible Officer advises 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 26 th 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 points from previous audits have been followed up and auditor's recommendations implemented, including: <ul style="list-style-type: none"> • Clerk's expenses and wages are now separated. • Signing off of bank reconciliations twice a year. |