



Statement of Internal Control

Introduction

Hennock Parish Council [the Council] is a local authority funded largely by public money and is responsible for ensuring its financial management is robust and effective and that the Council has a sound system of financial control which facilitates the effective exercise of the Council's functions. This includes arrangements for the management of risk and for the prevention and detection of fraud and corruption.

In discharging this overall responsibility, the Council has appointed the Clerk as its Responsible Financial Officer and a member of the public with finance experience undertakes independent quarterly checks of the accounts. The Council reviews, at least annually, the effectiveness of its system of financial control which is informed by the work of the internal auditor and also any comments made by the external auditors in their annual report.

The Purpose of the System of Internal Control

The Council's system of internal control is designed to manage risk and to minimise it to an acceptable level. The system of internal control is based on an ongoing process designed to identify and evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them effectively and economically.

The system of internal control accords with the practices set out in The Joint Panel on Accountability and Governance Practitioners' Guide March 2022.

The Internal Control Environment

The Council has adopted Financial Regulations on 4th May 2021 which set parameters for the Council's financial operations. The Council has appointed the Clerk as Responsible Financial Officer who implements financial systems and controls.

The Clerk produces monthly accounts which are produced using Scribe Accounts. Scribe is purpose built web based accounting software designed especially for Town and Parish Councils. It produces compliant council accounts including the following reports:

- Bank Reconciliation
- Summary of Receipts and Payments
- Produces VAT Form 126
- Annual Return – AGAR
- Reserves
- Fixed Assets Register

The Council is provided with a monthly Receipts & payments account and bank reconciliation. Payroll services are provided by Hawthorns Accounting Services Ltd. Banking services are provided by Lloyds Bank. An independent internal audit service is provided by Hawthorns Accounting Services Ltd and the Council's internal monitoring is undertaken by an independent member of the public with finance experience. An external audit is undertaken by PKF Littlejohn LLP.

Any issues raised by the Internal Auditor and/or the External Auditor are reported to the Council and actioned accordingly. Additionally, the Council takes and acts upon advice where appropriate to manage risk.

The Council is responsible for:

- Establishing robust accounting records and systems of internal control
- The assessment and management of risks faced by the Council
- Ensuring compliance with established policies, procedures, laws and regulations
- Ensuring procurement policies are complied with and that best value and value for money are achieved
- Establishing annual budgets, setting precepts and monitoring actual performance against budget
- The financial management of the Council

Review of Effectiveness

The Council through the Responsible Financial Officer has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

The review of the effectiveness of the system of internal control is monitored by:

- The Clerk who is the Council's Responsible Financial Officer. The Clerk is responsible for administering the Council's finances, for advising on compliance with laws and regulations which 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.
- The full council which meets 11 times each year. It monitors progress by receiving a monthly Receipts & Payments Account, monthly Bank Reconciliation and agrees payments of invoices monthly. (During the Summer Recess the Clerk is given authority to deal with payments in consultation with the Chairman or Vice-Chairman).
- An independent member of the public with finance experience who undertakes a quarterly internal finance control check.
- The work of the Internal Auditor. The Internal Auditor, an independent person specialising in local council matters, reports to the Council on the adequacy of its records, procedures, systems, internal control and risk management.
- The External Auditors in their annual report.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

Approved by Hennock Parish Council at its meeting on 16th May 2023 and will be reviewed annually.