



AINTREE VILLAGE PARISH COUNCIL

Statement of Internal Control for the Year Ending 31st March 2019

15th April 2019
Minutes 6933

Aintree Village Parish Council

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1.0 SCOPE OF RESPONSIBILITY

- 1.1 Aintree Village 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.
- 1.2 In discharging this overall responsibility, 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.

2.0 The Purpose of the System of Internal Control

- 2.2 It is not possible to eliminate all risks. The system of internal control is, therefore designed to manage risk; reducing it to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives.
- 2.3 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.

3.0 The Internal Controls

A). Parish Council

- 3.1 The Parish Council is required to ensure it has a sound system of internal control that:-
- a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - b) Ensures that the financial and operational management is effective; and
 - c) Includes effective arrangements for the management of risk.

To meet these conditions, the Parish Council is required to:-

- Carry out an annual review of the effectiveness of Internal Audit
 - Consider the findings of this review
 - Carry out an annual review of the systems of internal control
 - Consider the findings of this review
- 3.2 Aintree Village Parish Council has been reviewing and updating all its policies and procedures, including Financial Regulation, Standing Orders, and Scheme of Delegation. In September 2018 it undertook a mid-year financial review of its budget, and in January 2019 it set its budget and precept for 2019/20. The Council meets every month at which monthly budget monitoring report, Payments Authorisation and Bank reconciliation schedules are considered and approved.

3.3 In 2018 the Parish agreed to the setting up of a permanent Finance and General Purposes Committee with the aim of providing a greater oversight and control over financial matters, and to undertake regular reviews of its internal controls, systems and procedures.

B). Responsible Finance Officer/ Parish Clerk

3.4 All Parish Councils are required to appoint an officer (RFO) to be responsible for the financial administration of the authority in accordance with Section 151 LGA 1972. Parish Councils need to be satisfied (via regular checks, monitoring, internal audit, and external audit) that its RFO has determined a system of financial controls and discharged their duties under Regulation 4 of the Accounts and Audit Regulations 2015.

3.5 The RFO puts in place effective procedures to accurately and promptly record all financial transactions, and maintain up to date accounting records throughout the year, together with all necessary supporting information. The accounting statements in Section 2 of the Annual Governance and Accountability Return (AGAR) need to agree to the underlying records.

3.6 The RFO and the Parish Clerk attends the Parish Council's monthly meeting and advise Members on its procedures, control systems and that policies are adhered to as well financial matters and ensuring compliance with the law.

C). Control over Money

3.7 Section 150(5) LGA 1972 requires cheques or orders for payment to be signed by two elected Members. Whilst this requirement has been repealed however Aintree Village Parish Council still operate this system of control when cheques are issued. With the introduction of BACS payment system, bank statements are checked by the approved Member.

3.8 The Parish Council approves every bank mandate, the list of authorised signatures for each account, the limit of authority for each account signature and amendments to mandates.

3.9 Authorised signatories examines each cheque against the relevant invoice, sign the invoice and initial the cheque counterfoil. All authorised cheque signatories are members of the Council. No officer of the Council can sign cheques.

3.10 The Parish Council has robust payroll arrangements which covers accuracy and legitimacy of payment of salaries and wages, and associated liabilities. Remuneration payable to all staff are approved in advance by the Parish Council.

3.11 The Parish Council has a Cash Handling Policy which set out strict procedures to be followed when handing any cash received from its leisure based activities, which includes issuing and signing of receipts, safe storage, and banking arrangements.

D). Contracts

3.12 In addition to Financial Regulations relating to contracts, Aintree Village Parish Council in January 2019 adopted a detailed Procurement Policy which sets out the tender or quotation requirements for contracts of differing amounts.

E). Asset Register and Risk Assessment

3.13 As a minimum an annual report on the Asset Register is presented the Parish Council for consideration and approval. Usually at the same Parish Council meeting a comprehensive report is presented setting out the risk assessments undertaken and their implications. This allows members to review existing systems and controls and where required take necessary action.

F). Insurance

3.14 Following the review of the Asset Register and the Risk Assessment the Parish Council’s insurance cover is reviewed in November of each year. Adjustments are made to take in account any additional assets and risks, including public liability, employers liability and Fidelity Guarantee Insurance.

G). Internal Audit

3.15 The Parish Council has a locally appointed Internal Auditor who undertakes on a quarterly basis an independent review and advices (including any actions to be taken) on the adequacy of its:-

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management, and
- Any specific areas of concern

H). External Audit

3.16 The Parish Council’s external auditors, PKF Littlejohn LLP, submit an annual certificate of audit which is presented to the Council, together with any actions to be taken.

4.0 Significant Internal Control Issues

4.1 One significant internal control issues arose during the 2019/20 financial year. This related to difference of opinion between the Parish Council and its bank involving the number of signatories required to complete any banking transaction. Lack of timely progress on this matter led to the Parish Council having to seek early payment of its precept from the principle authority, without which the Parish Council would have been in a very serious financial difficulty.

4.2 The Council needs to avoid getting into a similar situation in the future by undertaking regular monitoring and reviewing of the system it has designed for internal control.

Chairman Councillor Mike Carter

RFO K. Ellis