

Thorpe Morieux Parish Council

Annual Statement for the Review of Effectiveness of the Internal Audit and Internal Controls 2023-24

1. Introduction 1.1 Scope of Responsibility – Thorpe Morieux Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, property accounted for, and used economically, efficiently and effectively.

1.2 In discharging this overall responsibility, the 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.

1.3 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. 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 assess the likelihood of those risks being realised and the impact thereof, and to manage them efficiently, effectively and economically.

2. Purpose of this document

2.1 To undertake an annual check of the internal control system and check that the current Internal Auditor has covered everything necessary for an effective internal audit.

3. The System of Internal Control:

The Council's System of Internal Controls:	Has this standard been met? (Y/N)	Comments if needed.
Election: The Council elects a Chair (annually at the May meeting) who is responsible for the smooth running of meetings and transaction of business.	Y	May AMPC 09.05.2024 Minute reference 1.a
Appointment of Clerk and Responsible Financial Officer	Y	New Clerk and RFO appointed at PC meeting on 11 th January 2024
Code of Conduct for Members and employees adopted by Full Council.	Y	
Asset Register: Annual review of accuracy completed by Finance and Services Officer	Y	Reviewed at PC meeting on 18 th July 2024

Council's Grants scheme: Procedures in place for dealing with and monitoring the grants scheme.	Y	Grant Policy in place
Minutes: Minutes are properly numbered with a master copy kept in safekeeping.	Y	
Documents: Procedures for document receipt, circulation, response, handling and filing are in place and being adhered to.	Y	
Members Records: Procedures in place for recording and monitoring Members' Interests.	Y	
Standing Orders and Financial Regulations: The Council has adopted Standing Orders and Financial Regulations that contain the procedures and processes for conducting the Council's business.	Y	Reviewed annually
Budgeting: The Council considers the draft budget from October – January.	Y	
Budgeting: The Council sets its budget for the following financial year at its January meeting	Y	
Precept: The Council annually sets the precept for the following financial year at its January meeting.	Y	
Banking: The Council conducts monthly bank reconciliations. Bank statements are reconciled and signed off at PC meetings as part of the Clerks report.	Y	
Financial Reports: Regular scrutiny of financial records and proper arrangements for the approval of expenditure by council are in place and being adhered to	Y	
Monitoring: The Council meets regularly and monitors progress against its aims and objectives at each meeting by receiving relevant reports from	Y	

Councillors and the Clerk / RFO.		
Review: The Council carries out regular reviews of its internal controls, procedures and Policies considering any best practice advice and guidance from SALC, NALC and the SLCC.	Y	

4. The Clerk to the Council / Responsible Financial Officer (RFO):

To complete the day to day data inputting for the council's finances, to complete the monthly bank reconciliations and initial preparation of any financial reports. The Clerk is responsible for the day to day compliance with law and regulations that the Council is subject to, for implementing the Council's decisions and for managing risks. The Clerk is also the Council's RFO and, as such, has the responsibility for administering the Council's finances.

Has this has been achieved effectively this year?

Y/N	Explain

5. Risk Assessments

The council carries out risk assessments in respect of its actions and annually carries out a Financial Risk Assessment.

Has this has been achieved effectively this year?

Y/N	Explain

6. Internal Auditor

The council appoints an independent IA annually, who reports to the Council on the adequacy of its financial processes, after examining and testing the Council's processes and records.

Has this has been achieved effectively this year?

Y/N	Explain

7. Review of Effectiveness

The Council is required to review the effectiveness of the internal audit annually. The review should consider whether the scope covers everything necessary for an effective internal audit.

Has this has been achieved effectively this year?

Y/N	Explain

8. Internal Auditors Compliance with Scope of Review

The examination and testing of the following was completed:

<p>Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts The cashbook is referenced and supporting paperwork is in plac</p>	
<p>Financial regulations Standing Orders and Financial Regulations Tenders Appropriate payment controls including acting within the legal framework with reference to council minutes Identifying VAT payments and reclamation Cheque books, paying in books and other relevant document</p>	
<p>Risk Assessment Appropriate procedures in place for the activities of the council Compliance with Data Protection regulations Privacy Policy published Appropriate Fidelity Cover</p>	
<p>Transparency Under the Transparency code for smaller authorities, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:</p> <ul style="list-style-type: none"> a) all items of expenditure above £100 b) annual governance statement (By 1 July) c) end-of-year accounts (By 1 July) d) internal audit report (By 1 July) e) list of councillor or member responsibilities f) the details of public land and building assets g) minutes, agendas and meeting papers of formal meetings 	
<p>Transparency Under The Local Audit (Smaller Authorities) Regulations 2015 9(6 & 7) a smaller council having certified itself as an Exempt Authority must publish on their website: Certificate of Exemption. Under the requirements of the Accounts and Audit Regulations 2015 13(2b) a council is required to display AGAR's for the five years 2018-19, 2019- 20, 2020-21, 2021-22and 2022-23 on their website. Under The Accounts & Audit Regulations 2015 15(2b) councils must publish on their website: Notice of period for the exercise of public rights.</p>	

Budgetary controls Verifying the budgetary process with reference to council minutes and supporting documents	
Income controls Precept and other income, including credit control mechanisms	
Petty Cash Associated books and established system in place	No Petty Cash held
Payroll controls PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment	
Asset control Inspection of asset register and checks on existence of assets Cross-checking on insurance cover	
Bank Reconciliation Regularly completed and cash books reconcile with bank statements.	
Reserves General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified	
Year-end procedures Appropriate accounting procedures are used and can be followed through from working papers to final documents Verifying sample payments and income Checking creditors and debtors where appropriate.	
Sole Trustee The Council has met its responsibilities as a trustee	The Council is not a sole trustee.
Internal Audit Procedures Review of effectiveness of internal audit	
External Audit	The Council declared themselves Exempt from External audit.

9. Provision of Relevant Records

The Clerk/RFO ensures that all relevant records are available to the IA and with the Finance and Services Officer attends to answer questions arising during the audit.

Has this has been achieved effectively this year?

Y/N	Explain

10. Independence of the Internal Auditor

There is no advisory or financial connection between the non-parishioner IA and the Council, save for the undertaking of the internal audit and remuneration thereof.

Has this has been achieved effectively this year?

Y/N	Explain
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11. Audit Plan and Reporting

The internal audit plan is based on the Council's current level of regular receipts and payments and the perceived likely risks. (fraud, misuse of public funds, etc.) At present it is considered that, in conjunction with the monthly bank reconciliation and the budgetary control review, only one annual internal audit is required, which will take place after 31st March and before the June Council meeting.

The IA will report her findings to the Clerk / RFO and the Finance and Services Officer, who will communicate these to the Council at the next meeting. The IA also provides the written report in AGAR to the External Auditor.

Has this has been achieved effectively this year?

Y/N	Explain
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12. Summary

The Council has reviewed the effectiveness of the Internal Audit and System of Internal Controls and the following remedial measures have been taken:

Internal Audit 2023-24 Recommendations and Parish Council Remedial Action taken

<p>Proper book-keeping The cashbook is referenced and supporting paperwork is in place. Recommendation (1): It is a requirement for a VAT column to be maintained in the cashbook where recoverable VAT is shown.</p>	<p>Action Taken Clerk has added a VAT column to the cashbook and will attend training on 30th May 2024 (via SALC) on how to claim back VAT for smaller authorities. Agreed at a meeting on 9th May, minute ref 14.a</p>
<p>Risk Assessment Recommendation (2): The council to register for Data Protection with the ICO Data Protection. Recommendation (3): To include reference to GDPR in the Council's Risk Assessment. Recommendation (4): To ensure the annual review of the Risk Assessment and Internal Controls is carried out during the year of audit.</p>	<p>Action Taken Agreed at meeting held on 9th May 2024, minute ref 10.a ICO Certificate has now been obtained. Risk assessment has been reviewed and updated to include reference to GDPR. Annual review of internal controls and risk assessment has been carried out on</p>
<p>Internal Audit Procedures Recommendation (5): It is a requirement to review the effectiveness of the internal audit during the year of accounts.</p>	<p>Action Taken A review the effectiveness of the internal audit has taken place and minuted at a meeting on 18th July, minute ref 5e</p>

Recommendation (6): It is a requirement to appoint the Internal Auditor and record the decision in the minutes of the meeting	Internal Auditor for next year was appointed at a meeting on 9 th May 2024, minute ref 13.b
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12. b The Council has reviewed the effectiveness of the Internal Audit and System of Internal Controls and is satisfied there are no other matters that require attention or modification this year.

Confirmation of this statement Y/N	
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Signed by Chair

John Squirrell

Date: 18th July 2024

Signed by Clerk/RFO

Sarah Headland

Date: 18th July 2024