

SPROUGHTON PARISH COUNCIL

ANNUAL REVIEW OF INTERNAL AUDIT AND SYSTEMS OF INTERNAL CONTROL FEBRUARY 2017

Good governance, accountability and transparency are essential to local councils.

The Parish Council is accountable for ensuring that public business is conducted in accordance with the law and applicable proper practices. It must also ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit (England) Regulations 2015 require the Parish Council to ensure it has a sound system of internal control which –

- 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

The January 2017 review has been undertaken by Mrs S Frankis, Responsible Financial Officer (RFO). The Reference Documents used when considering “proper practice” and seeking guidance during the review were: “Governance and Accountability for Local Councils, A Practitioners’ Guide (England) March 2014”, published by The Joint Practitioners’ Advisory Group (JPAG), “Governance and Accountability for Smaller Authorities in England, A Practitioners’ Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements March 2016”, published by JPAG, the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities, and “Governance and Accountability for Smaller Authorities in England, Section 5: Supporting information and practical examples, June 2016” published by JPAG, the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities.

The Joint Practitioners’ Advisory Group, authors of the Reference Documents, state that this review cannot be delegated to the Clerk/RFO however, as the Parish Council continues to be short of resources, this guidance has had to be disregarded.

INTERNAL AUDIT

A review of the effectiveness of internal audit considered the scope of internal audit; independence; competence; relationships and audit planning and reporting.

The 2016 Internal Audit was undertaken by the Suffolk Association of Local Councils (SALC).

They provided a competent, effective and independent internal audit service which met the Council's needs and requirements. SALC continues to provide a reliable assurance regarding the Parish Council's internal controls and its management of risk and enables the Parish Council to deliver its objectives.

I have no concerns/issues to raise and recommend that the Council retain SALC as the Internal Auditor. No further action need be taken.

SYSTEMS OF INTERNAL CONTROL

The Council has a duty to:

- Review the Financial Regulations annually, and as required during the twelve month period
- Review its systems of control at least annually
- Review Risk Management Policy Statements and Risk Management arrangements annually, and
- Consider the finding of these reviews

Financial Regulations

A review of the Parish Council's Financial Regulations was undertaken during the last twelve months. The Parish Council's Financial Regulations were updated and adopted on 19th October 2016, minute number 16/17 114. A further review is presently being undertaken to incorporate the Parish Council's system by which grant applications will be considered.

The Parish Council will continue to regularly review the Financial Regulations.

Systems of Control

It is considered that the Financial Regulations provide a satisfactory standard of Internal Control measured against the guidance in the Reference Document. There have been no breaches in the application of the controls and no issues have arisen to suggest any amendments are necessary.

Risk Management

The Council continues to work on its Risk Management Audit and Report.

The Parish Council continues to monitor the extent to which its funds are secured from loss by internal checks and controls.

Insurance is kept under constant review to ensure it adequately reflects changes in Parish Council circumstances.

Authorities should from time to time carry out a review of the effectiveness of their overall internal audit arrangements, ref. pages 27 to 29, "Governance and Accountability for Smaller Authorities in England, A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements March 2016". The review should not be undertaken by an officer of the parish council.

Money raised at the 2016 Sproughton Beer Festival was less than expected. Subsequent checks suggested that an amount of money had gone missing; the matter was reported to Suffolk Police.

Recommendations

1 - To continue to regularly review the effectiveness of the Parish Council arrangements to protect Council financial assets.

2 - To continue to carry out monthly checks of the bank and building society balances against those reported to the Council in the monthly Financial Summaries; to continue to carry out quarterly credit card audits; and to continue to carry out a mid-year check of the ledger.

3 - To carry out a review of the effectiveness of the Parish Council's overall internal audit arrangements.

4 - To introduce a 'card system' for the purchase of beer, to be sold at a separate point, at the Beer Festival, thereby removing the risk of money being taken from behind the bar area.