

# **BIDBOROUGH PARISH COUNCIL**

## **STATEMENT OF INTERNAL CONTROL**

### **FOR THE YEAR ENDING 31<sup>st</sup> MARCH 2021**

#### **1. SCOPE OF RESPONSIBILITY**

Bidborough Parish Council (the Council) 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, the Council is also responsible for ensuring that there is a sound system of internal control, including the preparation of the accounting statements as required by Section 1 of the Annual Governance & Accountability Return (AGAR) – Annual Governance Statement and its 9 “assertions”.

#### **2. THE PURPOSE OF 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; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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.

The Council has in place KALC Standing Orders (updated and approved at March 2021 meeting) and KALC Financial Regulations (Financial Standing Orders recently updated for approval and adoption), which set out the general rules applicable at council and committee meetings and in carrying out the council’s business. These two documents are to be reviewed on a regular basis and influence the system of internal controls in place.

The system of internal control has been in place at the Council since the year ended 31 March 2021 and up to the date of approval of the AGAR (annual governance statement and accounting statements) and, except for the details of significant internal control issues at section 5 of this Statement, accords with proper practice.

#### **3. THE INTERNAL CONTROL ENVIRONMENT**

##### **The Council:**

The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council will review its obligations and objectives and approve budgets for the following year at its November meeting. The November meeting of the Council approves the level of precept for the following financial year, a System of Internal Control will be drafted for approval, together with the Financial Standing Orders currently being considered for approval.

The full Council currently meets ten times each year, or as required, and monitors progress in relation to its responsibilities at each meeting by receiving relevant reports from the Parish Clerk. During 2020 there were limited opportunities for face to face meetings, virtual meetings were arranged and monthly detailed reports were provided for parishioners. PC current risk assessments will be revised to cover increased areas and levels of activity.

The Council will carry out regular reviews of its internal controls, systems and procedures.

##### **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 the Council’s Responsible Financial Officer and is responsible for administering the Council’s finances. The Clerk is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council’s procedures, control systems and policies are adhered to and reviewed as necessary.

**Payments:**

All payments are reported to the Council for approval. Two Members of the Council must authorise and sign every cheque or other approved payment arrangement. There are no Standing order or direct debit arrangements. The council has approved the introduction of BACS payments which will be actioned.

**Income:**

All income is received and banked in the Council's name in a timely manner and reported to the Council in quarterly accounts.

**Risk Assessments / Risk Management/Risk Register:**

The Council carries out regular risk assessments, identifying risks, assessing risks, addressing risks and reviewing & reporting these risks on an annual basis at precept meetings.

**Internal Audit:**

The Council has an Independent qualified Internal Auditor who reported to the Council on the adequacy of its records; procedures; systems; internal control; regulations; risk management; reviews. The effectiveness of the internal audit system and audit plan is reviewed when required.

**External Audit:**

The Council's External Auditors, PKF Littlejohn LLP, submit an annual report and Certificate of Audit, which is presented to the Council

**4. REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control at precept meetings. The review of the effectiveness of the system of internal control is informed by the work of:

- the full Council;
- the Clerk to the Council / Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks;
- a councillor responsible for conducting internal audit checks the Independent Internal Auditor who reviews the Council's system of internal control;
- PKF Littlejohn LLP, the Council's external auditors, who make the final check using the AGAR, a form completed and signed by the Clerk/Responsible Financial Officer, the Chairman and the Independent Internal Auditor. The External Auditors issue an annual audit report and certificate;
- the number of significant issues that are raised during any year.

**5. SIGNIFICANT INTERNAL CONTROL ISSUES:**

Issues relating to the employment status of the Clerk/RFO and the threat of legal action regarding the submission of a planning application in the name of the PC without its approval were identified as risks. The first issue has been addressed by a further internal audit by David Buckett - the Financial Consultant of KALC and the status of the clerk being changed to employed with effect from 1 April 2021 plus provision of guidelines on updating existing policies as necessary (currently under preparation for new Website).

**Further information regarding the second issue, which has been reported to the PC insurers, is awaited.**

The Council strives for the continuous improvement of the system it has adopted for internal control and will continue to address minor issues and weaknesses raised and reported during the annual review process.

(Signature Redacted)

(Signature Redacted)

**Mrs K Thorne  
Chairman**

**Mrs E M Divall  
Clerk**

**23 August 2021**

**Bidborough Parish Council**

**Bidborough Parish Council**