



**LISS PARISH COUNCIL
STATEMENT OF INTERNAL CONTROL
FOR THE YEAR TO 31st MARCH 2021**

1. SCOPE OF RESPONSIBILITY

Liss 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 which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

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 internal control environment encompasses the Standing Orders and Financial Regulations of the Council.

The system of internal control has been in place at the Council for the financial year 1st April 2020 to 31st March 2021 and up to the date of approval of the annual report and accounts and accords with proper practise.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council:

The Council has appointed a Chair who is responsible for the smooth running of meetings and, with advice from the Clerk, ensures that all Council decisions are lawful.

The Council reviews its obligations and objectives and approves budgets for the following year at its November or December meeting. The November or December meeting of the Council approves the level of precept for the following financial year.

The Council has a Finance Committee to monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The full Council normally meets eleven times each year and monitors progress against its aims and objectives by receiving relevant reports from the Parish Clerk and the Chair of the Finance Committee.

The Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed as required.

The Council carries 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 Council has also appointed a Responsible Financial Officer who 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.

Payments

The majority of payments are now made electronically, principally by the RFO or by the Clerk when necessary. With the exception of routine utility bills paid for by direct debit, all invoices are to be reviewed by the Clerk. Three Mandated bank signatories (at least two Councillors and either the Clerk or the RFO) must authorise the payments supported by a payment schedule and a copy of the relevant invoices. All records of approvals are retained. An electronic dual authorisation process has been set up for online banking to provide greater control over payments made. All payments are reported retrospectively to the Council for approval and minuted.

Income

If not received electronically, receipts are banked in a timely manner. All income is reported to Council.

Risk Assessments/Risk Management

The Council carries out regular risk assessments in respect of actions and regularly reviews its systems and controls.

Internal Audit

The Council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal Control
- Regulations
- Risk Management
- Reviews

The effectiveness of the internal audit is reviewed annually.

External Audit

The Council's External Auditors, PKF-Littlejohn LLP, submit an annual 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. 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 and the Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks
- The Independent Internal Auditor who reviews the Council's system of internal control.
- The Council's External Auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chair and the

Internal Auditor. The External Auditors issue an annual audit certificate that is presented to Council.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

No significant internal control issues were identified during the 2020/21 financial year.

At the Final Internal Audit Review for the 2020/21 financial year the Internal Auditor reported that the various records and procedures in place provide an appropriate standard of control.

K. Budden
Chair of the Council

C. Williams
Chair of Finance Committee

S Smith
Clerk to the Council

Approved by Finance Committee on 6th September 2021.