

## APPENDIX D

### Annual Governance Statement Assertions

#### Assertion 1: Financial management and preparation of accounting statements

**We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.**

To warrant a positive response to this assertion, the following processes have been put in place and are effective:

1. **Budgeting**  
The authority prepares and approves a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year. It monitors actual performance against its budget during the year, taking corrective action where necessary. A financial appraisal is undertaken before the authority commences any significant project or enters into any long-term commitments.
2. **Accounting records and supporting documents**  
The authority has appointed an officer to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972. The authority has satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged her duties under Regulation 4 of the Accounts and Audit Regulations 2015. The RFO has also put in place effective procedures to accurately and promptly record all financial transactions and maintains 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 agree to the underlying records.
3. **Bank reconciliation**  
Statements reconciling the authority's bank accounts with its accounting records are prepared on a regular basis, including at the financial year-end, and are reviewed by the Responsible Finance Officer or the Deputy Responsible Finance Officer.
4. **Investments**  
Arrangements are in place to ensure that the authority's funds are managed properly with an appropriate bank. Plans are being developed so that any amounts surplus to requirements can be invested appropriately, in accordance with an approved strategy which has regard to MHCLG's statutory Guidance on local government investments. The authority will produce and approve an annual Investment Strategy in accordance with the MHCLG guidance which will be reviewed on an annual basis.
5. **Statement of accounts**  
The authority has arrangements in place to enable preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.
6. **Reserves**  
The authority has regard to the need to put in place a General Reserve Policy and has reviewed the level and purpose of all Earmarked Reserves.

## **Assertion 2: Internal control**

**We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.**

To warrant a positive response to this assertion, the following processes have been put in place and are effective:

1. **Standing Orders and Financial Regulations**

The authority has in place standing orders and financial regulations governing how it operates. Financial regulations incorporate provisions for securing competition and regulating the way tenders are invited. These are regularly reviewed, fit for purpose, and adhered to.

2. **Safe and Efficient Arrangements to Safeguard Public Money**

Practical and resilient arrangements are in place to cover how the authority orders goods and services, incurs liabilities, manages debtors, makes payments and handles receipts. These include:

- Safe and efficient arrangements to safeguard public money.
- Regular review of the effectiveness of arrangements to protect money.
- Ensuring controls over money are embedded in Standing Orders and Financial Regulations.
- Approval of the setting up of, and any changes to, accounts with banks or other financial institutions.
- Defining limits for corporate credit card accounts which are cleared monthly by direct debit from the main bank account
- Approval of bank mandates, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.
- Risk assessments and internal controls focussing on the safety of the authority's assets, particularly money.

3. **Employment**

The remuneration payable to all employees is approved in advance by the authority. Robust payroll arrangements cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities. The authority complies with its duties under employment legislation and has met its pension obligations.

4. **VAT**

The authority has robust arrangements in place for handling its responsibilities regarding VAT.

5. **Fixed Assets and Equipment**

The authority's assets are secured, properly maintained and efficiently managed. Appropriate procedures are followed for any asset disposal and for the use of any resulting capital receipts.

6. **Loans and Long-Term Liabilities** Any loan or similar commitment will only be entered into after the authority is satisfied that it can be afforded and that relevant approvals have been obtained. Proper arrangements will be put in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities.

7. **Review of effectiveness**

In compliance with Regulation 6 of the Accounts and Audit Regulations 2015, the authority conducts an annual review of the effectiveness of the system of internal control. This review informs the authority's preparation of its annual governance statement.

**Assertion 3: Compliance with laws, regulations and proper practices**

**We took all reasonable steps to assure ourselves that there are no matters of actual or potential noncompliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this authority to conduct its business or on its finances.**

To warrant a positive response to this assertion, the following processes have been put in place and are effective:

1. **Acting within its powers**

Appropriate decision making processes are in place to ensure that all activities undertaken fall within the authority's statutory powers to act. The authority has robust procedures in place to prevent any decisions or payments being made that are ultra vires, i.e. that the authority does not have the lawful power to make. Legal powers are carried out reasonably.

2. **General power of competence**

In exercising its general power of competence under the Localism Act 2011, the authority ensures that the power is fully understood and exercised in accordance with the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012.

3. **Regulations and proper practices**

Procedures are in place to ensure the authority complies with statutory regulations. Applicable proper practices are regularly reviewed and new requirements, or changes to existing ones, are reported to members and applied. The authority has due regard to the requirements of the Accounts and Audit Regulations 2015.

4. **Actions during the year**

The authority satisfies itself that it has not taken any decision during the year, or authorised any action, that exceeds its powers or contravenes any laws, regulations, or proper practices.

#### **Assertion 4: Exercise of public rights**

**We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.**

To warrant a positive response to this assertion, the following processes have been put in place and are effective:

1. **Exercise of public rights**

The authority provides for the exercise of public rights as set out in Sections 26 and 27 of the Local Audit and Accountability Act 2014. The RFO publishes on the authority's website Sections 1 and 2 of the Annual Governance and Accountability Return; a declaration that the status of the statement of accounts is 'unaudited'; and a statement detailing how public rights can be exercised.

2. **External Auditor's review**

A notice of the conclusion of the external auditor's limited assurance review of the Annual Governance and Accountability Return, together with relevant accompanying information, is published in accordance with the requirements of Regulation 16 the Accounts and Audit Regulations 2015.

#### **Assertion 5: Risk Management**

**We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.**

To warrant a positive response to this assertion, the following arrangements have been put in place:

1. **Identifying and assessing risks**

The authority has identified, assessed and recorded risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.

2. **Addressing risks**

Having identified, assessed and recorded the risks, the authority has addressed these risks by ensuring that appropriate measures are in place to mitigate and manage risk. This has included the introduction of internal controls and/or appropriate use of insurance cover.

#### **Assertion 6: Internal Audit**

**We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.**

To warrant a positive response to this assertion, the authority has taken the following actions:

1. **Internal audit**

The authority has undertaken an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.

2. **Provision of information**

The authority has taken all necessary steps to facilitate the work of those conducting the internal audit, including making available all relevant documents and records and supplying any information or explanations required.

**Assertion 7: Reports from Auditors**

**We took appropriate action on all matters raised in reports from internal and external audit.**

To warrant a positive response to this assertion, the authority has considered all matters brought to its attention by internal auditor and has taken corrective action as appropriate. The Council will consider all matters brought to its attention by the external auditor.

**Assertion 8: Significant events**

**We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.**

To warrant a positive response to this assertion, the authority has taken the following actions where necessary:

1. **Significant events**

The authority has considered if any events that occurred during the financial year (or after the year-end), had consequences, or potential consequences, on the authority's finances. If such events are identified, the authority determines whether the financial consequences need to be reflected in the statement of accounts.

**Assertion 9: Trust Funds**

**In our capacity as the sole managing trustee, we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting.**

This is not applicable to this Authority.

**NOTE REGARDING THE APPROVAL PROCESS FOR FULL COUNCIL**

The authority needs to approve the annual governance statement by resolution of members of the authority meeting as a whole, in advance of the authority approving the accounting statements in Section 2 of the Annual Governance and Accountability Return. The Chair of the meeting and the Clerk need to sign and date the annual governance statement and a minute reference entered.