

## Creech St Michael Parish Council

<b>Policy Title</b>	Statement of Internal Control
<b>Applies to</b>	Councillors and Employees
<b>Date Created</b>	20 <sup>th</sup> February 2023
<b>Date Approved by Council</b>	25 <sup>th</sup> May 2023 (Finance Committee)
<b>Minute Reference</b>	7.
<b>Author</b>	Clerk and RFO
<b>Review Cycle</b>	Annual
<b>Review Dates</b>	

## **1.0 Introduction**

Creech St Michael Parish Council is a local authority funded largely by public money and 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 Parish Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Parish Council's functions and which includes arrangements for the management of risk.

The Accounts and Audit Regulations 2003 together with the Accounts and Audit (Amendment) (England) Regulations 2006 require a Statement of Internal Control, prepared in accordance with proper practices in relation to internal control to be included with the annual accounts. The statement will be revised and updated on an annual basis.

This statement has been prepared using a template document provided by Somerset Association of Local Councils (SALC) and sector best practice.

## **2.0 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:

- a) Identify and prioritise the risks to the achievement of the Parish Council's policies, aims and objectives
- b) Evaluate the likelihood of those risks being realised and the impact should they be realised
- c) Manage them efficiently, effectively and economically.

The annual report and accounts accord with proper practice as set out in the Joint Panel on Accountability and Governance Practitioners' Guide latest edition.

## **3.0 The Parish Council's Internal Controls**

### **3.1 The Parish Council**

The Parish Council has elected a Chair who is responsible for the smooth running of meetings. The Parish Council reviews its obligations and objectives and approves a budget for each financial year which enables the Precept calculation to be completed.

The Parish Council monitors progress against objectives, financial systems and procedures, budgetary control and carries out regular reviews of financial matters. The full Parish Council meets on a monthly basis (first Monday, save for August when a meeting will not be held unless agreed by the full Parish Council) and it receives the Minutes of the previous meetings. The Parish Council also monitors progress by receiving relevant reports from County and District Councillors. No expenditure may be incurred unless by way of authorised delegated authority of the Clerk and RFO or by agreement of the full Parish Council. Virement, from budget line to

budget line, can be approved by the full Parish Council if deemed necessary and appropriate. The Parish Council carries out regular reviews of its internal controls, systems and procedures.

### **3.2 Clerk to the Council and Responsible Finance officer**

The Parish Council has appointed a Clerk to the Parish Council who acts as the Parish Council's advisor and administrator. The current Clerk and RFO commenced Employment on the 16<sup>th</sup> May 2022 and is enrolled on the CiLCA qualification, with an expectation that this will be completed by April 2024. The Clerk is the Parish Council's Responsible Financial Officer and is responsible for the management and administration of the Parish Council's finances. The Clerk and RFO is responsible for advising on the day-to-day compliance with laws and regulations that the Parish Council is subject to and for managing risks. The Clerk and RFO also provides advice to help the Parish Council ensure that its procedures, control systems and policies are adhered to.

### **3.3 Payments**

**Authorisation:** All expenditure must be authorised by the Parish Council (or by a Committee having delegated authority), or by the Clerk and RFO by way of delegated authority.

**Recording/reporting:** All payments and receipts are entered into the Parish Council's accounting system. All receipts are reported to the Parish Council. A copy of all payments is kept with the invoices on a month by month basis. The bank balance is reconciled monthly. All transactions are published on the Parish Council's website.

**Method:** All payments are made by online bank transfer, cheque, direct debit, standing order or through use of a debit card. A list of payments as detailed in the agenda, is approved by the Full Parish Council at all ordinary meetings and the original report is signed at the meeting and published on the Parish Council's website.

Use of the debit card is controlled via a separate policy and procedure, that is reviewed and approved by the Parish Council annually.

**Mandate:** Three signatories must authorise every payment, with the exception of the debit card. The three signatories can include the Clerk and RFO and two members.

**Reconciliation:** The Parish Council checks the bank reconciliation against the Parish Council's bank account statement each quarter and publishes the reconciliation on its website.

### **3.4 Contracts**

Procedures as to contracts are laid down in the Parish Council's Standing Orders and Financial Regulations. The Parish Council oversees all contract procedures.

### **3.5 Internal Audit**

The Parish Council has appointed Ms Jill Larcombe as its independent internal auditor until further notice who will report to the Parish Council on the adequacy of its records, procedures, systems, internal controls and risk management. The effectiveness of the internal audit is reviewed.

### **3.6 External Audit**

The Parish Council has been appointed External Auditors PKF Littlejohn until further notice.

## **4.0 Review of Effectiveness of Internal Controls**

Creech St Michael Parish Council has responsibility for conducting an annual review of the effectiveness of its systems of internal control. The review of the effectiveness of the system of internal controls is monitored and informed by:

- The Clerk and RFO.
- The work of the Independent Internal Auditor.
- The External Auditors through the annual return.
- The Finance Committee and the Staffing Committee.