

# St Issey Parish Council

## Statement of Internal Control

### Introduction

St Issey Parish Council (the Council) is a local authority funded largely by public money and is responsible for ensuring its financial business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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.

The Council is required to review at least annually the effectiveness of its system of financial control. This is informed by the work of the internal auditor and Councillors, who have responsibility for the development and maintenance of the internal audit environment, and also any comments made by the external auditors in their annual report.

### The Purpose of the System of Internal Control

The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them effectively and economically.

The system of internal control accords with the practices set out in the Governance and Accountability in Local Councils: A Practitioners' Guide (2011 edition).

### The Internal Control Environment

The Council has adopted Financial Regulations (on 10 August 2016) which set parameters for the Council's financial operations. The Council has appointed a Parish Clerk who implements financial systems and controls.

The Council uses a manual system together with Microsoft word and excel to process transactions and monitor performance against budget. Payroll software is HMRC BPT-RTI. Banking services are provided by Lloyds. An independent internal audit service is provided by **Hudsons Accounting Ltd** and Council's internal monitoring is undertaken by the Councillors, **with the following Councillor nominated as the main monitor:.....**

Any issues raised by the Internal Auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales. Additionally, the Council seeks and receives appropriate property, legal, insurance, and health & safety advice as appropriate to manage risk.

The Council is responsible for:

- Establishing and monitoring the achievements of the authority's objectives
- The facilitation of policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases
- Ensuring all Councillors receive regular and up to date reports on financial activities under their direction
- Ensuring performance is regularly monitored against financial and operational budgets - this is done on a quarterly basis.
- Control and reports on the financial management of the Council - quarterly

### **Review of Effectiveness**

The Council through the Clerk has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

The review of the effectiveness of the system of internal control is monitored by:

- The work of officers within the Council reporting to the Parish Clerk
- The Parish Clerk is the Council's Responsible Finance Officer who acts as the Council's legal advisor and administrator. The Clerk is responsible for administering the Council's finances, for advising on compliance with laws and regulations which the Council is subject to, and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.
- The Parish Councillors monitor progress against objectives, financial systems and procedures, budgetary control, and carry out regular reviews of financial matters. Minutes of meetings are circulated to all members of the Council and recommendations are considered at full council meetings. The full council meets 12 times each year. It monitors progress by receiving relevant reports from the Clerk, Internal and External auditors
- The work of the Internal Auditor. The Internal Auditor, an independent person specialising in local council matters, reports to the Council on the adequacy of its records, procedures, systems, internal control and risk management.
- The External Auditors in their annual report.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

**Revised July 2017**

**Signed .....**

**Date .....**