

Poughill Parish Council Statement of Internal Control

1. SCOPE OF RESPONSIBILITY

Poughill 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 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:

- a) identify and prioritise the risks to the achievement of the 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.

3. THE COUNCIL'S INTERNAL CONTROLS

a) The Council

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

The Council monitors progress against objectives, financial systems and procedures, budgetary control and carries out regular reviews of financial matters. The full Council meets every two months (third Thursday) and it receives the Minutes of the previous meeting(s). The 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 Chair or by agreement of full Council. Virement, from budget line to budget line, can be approved by full Council if deemed necessary and appropriate. The Council carries out regular reviews of its internal controls, systems and procedures.

b) Clerk to the Council / Responsible Finance 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 Finance Officer and is responsible for the management and administration of the Council's finances. The Clerk is responsible for advising on the day-to-day compliance with laws and regulations that 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.

c) Payments

Authorisation: All expenditure must be authorised by the Council (or by a Committee having delegated authority), or in an emergency by the Clerk as instructed by the Chair by way of delegated authority.

Recording/Reporting: All payments and receipts are entered into the Council's accounting system. All receipts and payments are reported to the Council. The bank is reconciled monthly.

Method: All payments are made by cheque or BACS. The Council currently has no Direct debits or Standing Orders set up on its accounts. Two signatories check each cheque for payment against the original relevant invoice, signing the cheque and cheque book stub, BACS payments are checked and authorised by two signatories.

Mandate: Two Members of the Council must authorise every cheque or BACS payment.

Reconciliation: The Council checks the bank reconciliation against the Council's bank account statements quarterly.

d) Contracts

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

e) Internal Audit

The Council has appointed an independent Internal Auditor who will report to the Council on the adequacy of its records, procedures, systems, internal controls and risk management. The effectiveness of the Internal Audit is reviewed annually.

f) External Audit

The Council has been appointed an External Auditor. The Council is able to claim exemption from a limited assurance review as the gross income and gross expenditure are both below £25k.

4. REVIEW OF EFFECTIVENESS

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

- the Clerk to the Council/Responsible Finance Officer
- the work of Officers within the Council reporting to the Parish Clerk (the Responsible Finance Officer)
- the work of the Independent Internal Auditor
- the number of significant issues raised through the year