

SHOTLEY PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL FOR THE YEAR ENDING 31 MARCH 2018

SCOPE OF RESPONSIBILITY

Shotley 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, Shotley Parish 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 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 system of internal control will be in place at the Council for the year ended 31 March 2018 and up to the date of approval of the annual accounts and accords with proper practice as set out in the Practitioners' Guide *Governance and Accountability in Local Councils* (2010 Edition). It will be reviewed in March 2019.

THE INTERNAL CONTROL ENVIRONMENT

1. The Council

- a. The Council reviews its obligations and objectives and approves a budget for the following year at its December or January meeting. The meeting of the Council in January 2017 approved the level of precept for the following financial year.
- b. The Council has an appointed Financial Responsible Officer reporting monthly to the Meeting of the Council.
- c. The RFO/Clerk has delegated powers to incur expenditure on urgent health and safety matters up to £1000 or £1000 on other matters to be ratified at the next following Council meeting.
- d. Items of a regular monthly nature, which are approved at the May meeting, may be processed no earlier than one week before the Parish Council meeting, for ratification at the full Parish Council meeting. Payment under these circumstances is limited to the following items:
 - Clerk salary
 - HMRC tax and NI payments
 - Shotley Street litter warden
 - Shotley Gate litter warden
 - Shotley public conveniences cleaning services.
 - Website editor
 - Grass cutting- as per contract

- e. All expenditure is to be approved by full Council/ratified at the full council meeting. Any other expenditure to be approved as specified in the Financial Regulations approved in May/June each year.

The Council carries out regular reviews of its internal controls, systems and procedures.

2. Clerk to the Council / Responsible Financial Officer

The Clerk also has the role of Responsible Financial Officer to the Council and acts as the Council's advisor and administrator. The Clerk/Responsible Financial Officer is responsible for administering the Council's finances. The Clerk/RFO 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/RFO also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Following two incidents which took place in the financial year ended 31 March 2016, in which expenditure was incurred without adherence to Financial Regulations, against guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), and contrary to the advice of the Responsible Financial Officer, the Clerk will minute any future incidents where members agree on a resolution which is contrary to advice received from the RFO. For legal reasons, the voting will also be recorded on those minutes.

3. Payments

All expenditure must be authorised by the Council, or by a committee having delegated authority (none in existence since February 25th 2016) or (as set out above) by the Clerk/RFO after consultation with the Chair. All items of expenditure must be recorded on an official List of Payments submitted monthly to the Council for approved payment, recording the Minute number. The list of payments is to be circulated to all Council Members three days prior to the monthly meeting.

Two members of the Council must sign every cheque or order for payment. The signatories check each cheque against the relevant invoice (which has already been checked by the Clerk/RFO), sign the invoice and initial the cheque counterfoil. All authorised cheque signatories are members of the Council. No member of staff of the Council can make payments or sign cheques.

4. Controls

A full monthly bank reconciliation is carried out and the bank balances are noted on the minutes.

All receipts and payments are reported to the Council via the Minutes.

All payments received to be banked within 7 days of receipt where possible.

5. Contracts

The Council has adopted a Procurement Policy which sets out the tender or quotation requirements for contracts of differing amounts. Contracts are to be reviewed annually unless on a rolling basis.

6. Asset Register

The Clerk/RFO to update as and when necessary.
To be approved annually.

7. Risk Assessments / Risk Management

The Clerk/RFO will report on risk assessment to the Meeting as and when necessary. The Parish Council's insurance cover will be reviewed at the March meeting and the level of Fidelity Guarantee Insurance has been raised to the recommended level (balances + half of precept, being the maximum amount of cash at risk at any time).

Please note that fundraising activities/successful funding applications should be taken into account as they may increase the amount of funds held at any given point.

8. Internal Audit

The Council has appointed an Independent internal auditor, SALC, who will report to the Council on the adequacy of its records, procedures, systems, internal control and risk management.

9. External Audit

The Council's external auditors, PK Little John, submit an annual Certificate of Audit, which is presented to the Council.

10. Review of Effectiveness

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council and the Council must also approve the Statement on Internal Control.

Recommendations made by the Internal Auditor to be observed at all times in order to ensure compliance:

Recommendation: Council should have regard to its own Financial Regulations with regards to delegated authority for the issuing of orders for work to be carried out and that contracts should be regularly reviewed to ensure that the Council is achieving best value for money.

Recommendation: to ensure that all payments made are within its powers and that it is not acting outside of its legal power, a reference as to the power being used should be identified in either the minutes or the cashbook.

Recommendation: As part of its Financial Risk Assessment regular reporting of income expected and received would show robust monitoring measures are in place and would highlight any variations in expected income.

Recommendation: Council might want to consider reworking the asset register in line with current guidance to show description, location, date acquired and value with further columns for acquisitions and disposals.

Recommendation that the minutes reflect that the Councillor with a DPI in a matter being considered at a meeting, unless they have been granted a dispensation, leaves the room for the duration of the item and does not participate or vote in the matter under discussion – in accordance with the Suffolk Local Code of Conduct. _____

(Chairman)
Officer)

(Clerk and Responsible Financial)

Approved and adopted by Shotley Parish Council
15 March 2018