

SHOTLEY PARISH COUNCIL

Statement of Internal Controls - 2023

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 that 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 2022 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 2024.

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 2022 approved the level of precept for the following financial year.
- b) The Council has an appointed Responsible Financial 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 £1,500 or £1,500 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 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 litter warden

- Shotley public conveniences cleaning services
- Grass cutting
- Expenditure approved at the previous Parish Council meeting, such as funding applications
- Other expenditure necessary for the running of the Council, such as administrative expenses, repairs, replacements, or necessary in order to meet health and safety requirements

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.

f) 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.

For historical reasons and to ensure good governance, the Clerk will minute any instances where members agree on a resolution which is contrary to advice received from the Clerk/ RFO. and 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 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 Littlejohn, 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 the 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.

Recommendations included in the 2021/2022 audit report are as follows (noted by Council):

Recommendation: Website accessibility statement to be added to the website, There is no evidence within the minutes to show council has considered the previous recommendation that a councillor carry out a review of the banking internal control by formally signing off the bank reconciliation: Cllr T Ingram appointed as verifying Councillor for the purposes of bank reconciliations verification.

Policy reviewed and approved by Council: March 2023 To be reviewed: March 2024