



Tattingstone Parish Council

# Internal Control Statement

Version 5.0

## INTERNAL CONTROL STATEMENT

### 1. SCOPE OF RESPONSIBILITY

Tattingstone Parish Council (the Council) is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the effective management of risk. In accordance with the Local Government Act 1972 s151, the Council has appointed the Clerk as the Responsible Financial Officer (RFO) who administers the council's financial affairs in accordance with all Acts, Regulations and proper practices.

### 2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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 on-going 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 is designed to ensure that the Council's activities are carried out properly and as intended. Internal controls are set up by the Clerk / RFO but it also falls to Council members to ensure that they have a degree of control and understanding of those controls. Controls will include; the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk; the evaluation of the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### 3. THE INTERNAL CONTROL ENVIRONMENT

#### 3.1 The Council

- The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawfully taken.
- The Chair of the Council (or the Chair of the meeting) signs each page of the minutes.
- Decisions made are within the Standing Orders and Financial Regulations laid down and approved by the Council. These are kept regularly under review.
- The Council's budgeting process begins in October and the Council reviews its obligations and objectives and approves budgets for the following year at its December and January meetings.
- The January meeting of the Council approves the level of precept for the following financial year.
- The Council receives and considers regular financial statements at its monthly meetings.
- Payments are made in accordance with Standing Orders and Financial Regulations.
- The appointment of authorised signatories is kept under review.
- Two Councillors (from the currently authorised signatories) are required to sign cheques and/or approve online payments to authorise the release of all payments having satisfied themselves that the payments to be made are in accordance with the files shared with them for payment.
- All such payments will be made in accordance with Council's adopted Financial Regulations and adopted Internal Online Banking Policy.
- All Council policies are reviewed annually for accuracy in relation to the policy areas they reflect, changes in legislation and current best practice.
- The Council has an up-to-date Risk Register which is reviewed on a quarterly basis by the RFO and the Council on an annual basis or as and when any new activity or risk is undertaken or identified.

#### 3.2 CLERK AND PROPER OFFICER TO THE COUNCIL / RESPONSIBLE FINANCIAL OFFICER

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is also the Council's RFO and is responsible for managing the Council's finances. The RFO is responsible for the day-to-day compliance with legislation and policies and for managing risks. The RFO ensures that the Council's procedures,

control systems and policies are maintained. The RFO also exercises responsibility for the Council's banking arrangements in conjunction with the Council. The duties of the Clerk / RFO are laid down in a Job Description.

The Clerk in undertaking the role of RFO manages the timetable for the audit programme, Council approval of the annual return, and the compliance with the electors' rights. The RFO submits all the requested information to the External Auditor by the agreed date and arranges for the required publication of notices, accounts and returns.

### **3.3 PAYMENTS**

All payments above £500 are reported to the Council for approval. The Clerk may effect payments under £500 in conjunction with the Chairman of the Council. Two members of the Council must sign every cheque or order for payments. The signatories should consider each cheque or order for payment alongside the relevant invoice, sign the invoice and initial the cheque counterfoil. All authorized bank signatories are members of the Council. No officer of the Council can sign cheques.

The Council has a Debit Card with Lloyds Bank which is restricted to use by the RFO for use in single transactions with a maximum limit of £500. The use of this card is controlled by Financial Regulation 6.18.

### **3.4 INCOME**

All income is received and banked in the Council's name in a timely manner and reported to the Council. The Council should receive remittance advice notices for each income payment.

### **3.5 INTERNAL AUDITOR (IA)**

The Council has appointed an Independent Internal Auditor (the IA) who will report to the Council on the adequacy of the Council's:

- Records, procedures and systems
- Book-keeping and bank reconciliations
- Financial regulations and Standing Orders
- Budgetary controls
- Asset management
- Payment controls
- Risk management
- Statutory / regulatory compliance
- Regular reviews of the effectiveness of internal control.

The effectiveness of the internal audit is reviewed annually, and the Council reviews the appointment of the IA. The IA, who is competent and independent, will carry out the work required in accordance with the Governance and Accountability Guide for Local Councils and additionally will be advised of any additional work required by the Council.

The scope of the work of the IA is reviewed annually and the review and the appointment is minuted.

The IA will inspect the accounts at the year-end (prior to completion of the Annual Governance and Accountability Return (AGAR) -Sections 1 and 2) and will complete the Annual Internal Audit Report of the AGAR.

The IA will write a separate report to the Council (a copy of which is provided to all members) detailing any findings they might have. The report of the IA is considered as an agenda item at the next available meeting. Recommendations from the report will be recorded in the minutes and the Council will produce an Audit Plan to manage any identified weaknesses or recommendations identified for improvement.

### **3.6 EXTERNAL AUDIT**

Given the level of income and expenditure, Council is subject to a Limited Assurance Review by an External Auditor as appointed by The Smaller Authorities' Audit Appointments Ltd which is a section led company appointed by the Department of Communities and Local Government, as the specified person to procure and appoint external auditors to smaller authorities. They perform the functions set out in relevant legislation and have been re-awarded the ongoing audit contract for the five-year period commencing 1<sup>st</sup> April 2022. The Council's External Auditors submit an External Auditor's Report, which is presented to full Council.

Under the limited assurance regime, the external auditors undertake a limited range of specified procedures to give a report that provides limited, rather than reasonable, assurance about the Council's accounting statements.

#### **4. REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review is informed by the work and any issues identified by:

- Full Council – identification of new activities
- Clerk to the Council/RFO who has responsibility for the development and maintenance of the Internal Control environment and managing risks
- IA, who reviews the Council's system of internal control and who makes a written report to the Council
- The Council's External Auditors, who make the final check using the AGAR, a form completed and signed by the RFO, the Chairman and the IA. The External Auditor issues an annual audit certificate and identifies any actions that need to be taken into account by the Council arising from the Audit Report.

#### **5. SIGNIFICANT INTERNAL CONTROL ISSUES**

No significant internal control issues were identified during the financial year ending 31 March 2023. Comments and recommendations highlighted on the Internal Auditors report have been included in the Annual Internal Audit Action Plan, this has been monitored by the Council and action taken where appropriate.

#### **6. EXTERNAL AUDIT OPINION**

There were no matters raised on the Annual Return for the financial year to 31 March 2023 which have cause for concern. This was noted and accepted by the Parish Council at its meeting of 04 September 2023.

#### **7. DATA PROTECTION COMPLIANCE**

The Council has fully complied with the Data Protection legislation which came into force in the United Kingdom on 25 May 2018 and keeps its compliance under regular review. The UK GDPR sets out the information you should supply and when individuals should be informed. The Parish Council has procedures in place to review the information it supplies about the processing of personal data and ensures that it is:

- concise, transparent, intelligible and easily accessible;
- written in clear and plain language, and
- free of charge

Risks and all policies associated with Data Protection are reviewed by the Council on an annual basis.

-----  
Chair

-----  
RFO/Clerk

Approved and adopted by Tattingstone Parish Council

Meeting date: