

Fleggburgh Parish Council Statement of Internal Control

1. **Scope of Responsibility**

Fleggburgh Parish Council (the Council) 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 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; reducing it 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.

3. **The Internal Control Environment**

3.1 The Council

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful, following the advice and guidance of the proper officer. The Council reviews its obligations and objectives and budgets at the level of precept required for the following year at its January Meeting. The Council monitors progress against its aims and objectives at its meetings by receiving relevant reports from the Clerk. The Council regularly reviews its internal controls, systems and procedures.

3.2 The Clerk/Responsible Financial Officer

The Council has appointed a Clerk of the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

3.3 Payments

All payments are approved by Council. Three signatories are appointed in line with Bank Account maximum provision from which two are required to sign every cheque or mandate. One of the signatories can be the Clerk however signing by the Clerk will be in an emergency capacity only. For online banking, the Clerk has administrative access to upload payments and each payment must be approved by 2 signatories.

3.4 Risk Assessments/Risk Management

The Council carries out regular risk assessments in respect of its activities and regularly reviews its system and controls and makes adjustments as identified.

3.5 Internal Audit

The Council has appointed an independent, competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The effectiveness of internal audit is reviewed annually.

3.6 External Audit

Due to the level of turnover being under £25,000 there is no requirement for a limited assurance review or to submit an Annual Governance & Accountability Return for external audit provided that the Council complies with the exemption process. If the Council does not wish or cannot certify itself as exempt a completed return will be made to the external auditor which in turn submits an annual Certificate of Audit which is presented to the Council.

4. **Review of Effectiveness**

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

- The Council
- The Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk.
- The independent internal auditor who reviews the Council's systems of internal control.
- The Council's external auditor who makes the final check using the annual return, a form completed and signed by the RFO, the chairman and internal auditor.

5. **Significant Internal Control Issues**

Whilst no significant internal control issues were identified during the year, the Council strives for the continuous improvement of the system it has designed for internal control and has addressed all of the minor issues and weaknesses raised and reported during the review process.

SYSTEM OF INTERNAL CONTROL

<p>CASH BOOK/BANK RECONCILIATIONS</p>	<p>The cash book is kept electronically in spreadsheet format, and kept up to date from original documents – receipts, invoices and payments.</p> <p>The cash book is reconciled to the bank statement on a monthly basis.</p> <p>A summary of accounts together with bank reconciliation is presented at each Parish Council meeting and confirmed by the meeting. The balances reported can be traced back to the expenditure approved in the previous meeting via the Minutes.</p>
<p>FINANCIAL REGULATIONS</p>	<p>The Parish Council has adopted Financial Regulations based on the NPTS model. The regulations are reviewed for continued relevance and amended where necessary via approval by the Parish Council.</p>
<p>ORDER/TENDER CONTROL</p>	<p>Financial Regulations refer for procedures relating to tenders.</p>
<p>LEGAL POWER</p>	<p>A proper legal power is identified for each item of expenditure.</p>
<p>PAYMENT CONTROLS</p>	<p>All payments are reported to the Council for approval via the agenda.</p> <p>Payments are raised by the Clerk and authorised by two councillors. The Clerk is not a signatory.</p> <p>When used, the cheque number is recorded on each invoice and in the cashbook.</p> <p>The signatories should consider each payment against the relevant invoice.. This process receives confirmation at each ordinary meeting.</p> <p>Payments will normally only be raised when approved in Council meetings. Payments raised away from meetings are reported to the next meeting as retrospective via the agenda, and should only be made when there is a compelling reason such as an ongoing budgeted project; emergency situation; or an increase in price is imminent when expenditure has been budgeted or approved.</p> <p>Payments are listed in the Minutes of the meeting.</p>

	The Clerk maintains control of the cheque book at all times. The Clerk is the authorised Administrator on the bank.
PAYMENTS MADE UNDER SECTION 137 of the LGA 1972	A separate record of s137 payments is kept in the cashbook. The Clerk calculates the maximum amount of s137 expenditure able to be made each year and ensures it is not exceeded.
VAT RECLAIMS	The Clerk ensures that all invoices are addressed to the Parish Council. The Clerk maintains accounts of VAT and ensures that the correct amount of VAT is reclaimed in the year.
INCOME CONTROLS	All income is received and banked in the Council's name in a timely manner and reported to the Council. The Clerk ensures that the amount of precept received is correct in accordance with the precept demand sent to the District Council. The Clerk ensures that the precept instalments are received when due.
FINANCIAL REPORTING	A budget review, comparing actual receipts and payments to the budget is prepared and presented to the Council at each full council meeting and recorded in the Minutes.
BUDGETARY CONTROLS	The budget is prepared in November in consultation with the full Council, as evidenced by reports and Minutes in advance of the start of the financial year. The Precept demand is submitted by the deadline dictated by the Borough Council (normally January).
PAYROLL CONTROLS	The Clerk is paid under PAYE as an employee of the Council. The Clerk ensures that the necessary payroll returns are made to HMRC and retains evidence that this has been done. The Clerk's salary is set by the Council and is in accordance with the issued contract of employment. The Clerk is paid by Standing Order at the end of each month. HMRC payments are made by Direct Debit.

OFFICE AND CLERK'S EXPENSES	<p>The Clerk or Councillor can submit a request for reimbursement of monies owing by way of an expense claim form, in advance of the meeting and this is listed on the agenda.</p> <p>The expenses cover a contribution towards the cost of maintaining an office at the Clerk's home and any out of pocket expenses as well as travel expenses as laid down by the contract of employment. Such expenses are documented in the Councils adopted Expenses Policy</p> <p>The expense claim form is treated as an invoice for accounting purposes.</p>
ASSET CONTROL	<p>The Clerk maintains a full asset register, as approved by Council.</p> <p>The existence and conditions of assets is checked on an annual basis by the Parish Council.</p> <p>The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.</p>
INTERNAL AUDIT	<p>The Council annually appoints an independent internal auditor who provides a full report to the Council on Records, Procedures, Systems, Internal control, Regulations, Risk management. The internal auditor will have planned and carried out the work necessary to give the assurances called for in the Annual Internal Audit Report (page 4 of the Annual Governance & Accountability Return (AGAR)). The Parish Council annually reviews the scope of work offered by the internal auditor.</p>
EXTERNAL AUDIT	<p>The Council submits an annual return in the required format to the external auditor appointed by the Smaller Authorities' Audit Appointments Ltd (SAAA) in a timely manner.</p>

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