



## STATEMENT OF INTERNAL CONTROLS

### INTRODUCTION

Wembury Parish Council (the Council) is a local authority funded mainly by public money and is responsible for ensuring its financial business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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.

The Council is required to review at least annually the effectiveness of its system of financial control. The review is based on the comments of the internal auditor and Finance Committee, who have responsibility for the development and maintenance of the internal audit environment, and also any comments made by the external auditors in their annual report.

### The Purpose of the System of Internal Control

The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them effectively and economically.

Internal controls are set up by the Responsible Financial Officer (RFO) but it falls on the 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, examination of financial comparisons and the recording of assets and liabilities. It will also include identification and evaluation of risks, to enable risk to be managed efficiently, effectively and economically.

### THE INTERNAL CONTROL ENVIRONMENT

The Council adopted Financial Regulations on 25 July 2011 which set parameters for the Council's financial operations. These are reviewed and approved in May each year.

### The Council

The Council is responsible for:

- Establishing and monitoring the achievements of the authority's objectives
- The facilitation of policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases
- Ensuring all committees and working groups receive regular and up to date reports on financial activities under their direction
- Ensuring performance is regularly monitored against financial and operational budgets
- Control and reports on the financial management of the Council

### **Clerk 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 Responsible Financial Officer and is responsible for implementing the Council's financial systems and control. The Clerk is responsible for advising on the day to day compliance with laws and financial regulations that the Council is subject to. The Clerk also provides advice to help the Council ensure that its financial procedures, control systems and policies are adhered to.

### **Finance Sub Committee**

A Finance Sub Committee, comprising all parish council members, meets at least once per year to monitor the current budget and to set the following year's budget and precept. The Finance Committee recommendations are ratified by full council at the following Parish Council meeting and minuted accordingly.

### **Internal Financial Control**

The Clerk provides a monthly income/expenditure statement to each Parish Council meeting which is approved by members and subsequently minuted.

All expenditure is via cheques or electronic transfer and there is no petty cash.

Two councillors, out of 8 approved councillors, have to sign each cheque and cheque stub, or an electronic transfer proforma before any money can be paid.

The Clerks salary and expenses sheets are prepared by South Hams DC and checked and signed by two councillors signing the electronic transfer form.

Other invoices are similarly initialled on a 10% ad hoc check basis.

### **Internal Audit**

The Council has appointed an independent internal auditor to audit the Council of the adequacy of its records, procedures, systems, internal control and risk management.

The independent internal auditor will inspect the accounts at the year end and will complete page 5 of the Annual Return. The independent internal auditor will write a separate report to the Council detailing any findings they might have.

The annual report of the independent internal auditor is copied to all members of the Council and considered as an agenda item at the next full council meeting. Recommendations from the report are acted upon and recorded in the minutes.

### **External Audit**

The Council's External Auditors, appointed by the Audit Commission, will submit an External Auditor's Report, which will be presented to the Council. Recommendations from the report are acted upon and recorded in the minutes.

### **REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should also include a review of the effectiveness of internal audit.

Recommendations from the annual review are acted upon, the Statement of Internal Controls approved and recorded in the minutes

Reviewed at the Wembury Parish Council meeting on 21 May 2018

Approved in Minute: 18-062