

IDE PARISH COUNCIL - STATEMENT ON INTERNAL CONTROL **FOR THE YEAR ENDING 31 MARCH 2021**

1. SCOPE OF RESPONSIBILITY

Ide Parish Council is a local authority funded largely by public money. It is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this responsibility, the Council ensures that there is a 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 to a reasonable level, not to eliminate all risk of failure to achieve policies, aims and objectives. It can provide reasonable but not absolute assurance of effectiveness. It relies on processes to:

- a) identify and prioritise the risks to the achievement of the Council's policies, aims and objectives
- b) evaluate the likelihood of those risks being realised and the impact should they be realised
- c) manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts; and accords with proper practice as set out in *The Practitioners' Guide* issued by the Joint Panel on Accountability and Governance (JPAG), March 2020.

3. THE COUNCIL'S INTERNAL CONTROLS

a) The Council

The Council has elected a Chair who is responsible for the smooth running of meetings. The Council reviews its obligations and objectives and approves a budget for the coming financial year which enables the precept calculation to be made.

The Council monitors progress against objectives, financial systems and procedures, exercises budgetary control and carries out regular reviews of financial matters. The Council meets every two months on a Wednesday evening, when it receives the minutes of the previous meeting(s). The Council monitors progress by receiving reports from its Planning Committee, Working Groups, and County and District Councillors.

The Council holds four Lloyds Bank current accounts: Main Treasurer's Current account; Reserve Account; Weir Meadow Recreation Ground account; Pynes Community Orchard account.

No expenditure may be incurred other than by authority delegated to the Clerk or by agreement of Council.

Virement, from budget line to budget line, can be approved by full Council if deemed necessary and appropriate.

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

b) Clerk to the Council / Responsible Finance Officer

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

c) Payments

Authorisation: All expenditure must be authorised by the Council (or by a Committee having delegated authority), or by the Clerk by way of delegated authority.

Recording/reporting: All payments and receipts are entered into the Council's accounting system and reported to the Council every two months. A copy of all payments is kept with the invoices. The bank account is reconciled monthly.

Method: Since March 2020 all outgoing payments have been made electronically online, although we retain the ability to pay by cheque. We employ the Online for Business facility provided by Lloyds Bank for secure electronic payments. Three councillors are approved as online Authorisers on the secure banking portal (analogous to signing a physical cheque). The Clerk is approved as an online Creator of payments (analogous to writing out but not signing a cheque).

Mandate: Two Authorisers are required to approve every created payment of whatever amount.

Direct Debits: The Council has three Direct Debits set up on its current account for regular payment: to BT for our website; to the Information Commissioner's Office for annual registration; and to Pennon Water Services for the water tap in the cemetery.

Reconciliation: The Council checks the Clerk's reconciliation against the Council's bank account statements bi-monthly.

d) Contracts

Procedures as to contracts are laid down in the Council's Standing Orders and Financial Regulations. The Council oversees all contract procedures.

e) Internal Audit

The Council has appointed Alison Marshall as its independent Internal Auditor. She is instructed to report annually to the Council on the adequacy of its records, procedures, systems, internal controls and risk management. The effectiveness of the internal audit is reviewed annually.

f) External Audit

The Council opts to exempt itself from a 'limited assurance review' because neither its income nor expenditure is more than £25,000 for the year. The certificates have been signed and returned to the appointed External Auditor PKF Littlejohn. Following completion of the External Audit, the annual Certificate of Audit is provided, which is then presented to the Council.

4. REVIEW OF EFFECTIVENESS

Ide Parish Council has responsibility for conducting an annual review of the effectiveness of its system of internal controls. The review is monitored and informed by:

- the Clerk to the Council and Responsible Financial Officer
- the work of councillors reporting to the Parish Clerk (the Responsible Finance Officer)
- the work of the Independent Internal Auditor
- the External Auditors through the Annual Return and their annual letter
- the number of significant issues that are raised during the year.

Date of approval of this Statement of Internal Control: 29 March 2021

Signed by Chair N. A. Badley