

## **DEBENHAM PARISH COUNCIL**

### **STATEMENT OF INTERNAL CONTROL FOR THE YEAR ENDING 31 MARCH 2015**

#### **SCOPE OF RESPONSIBILITY**

Debenham 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, Debenham Parish Council (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 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 2015 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)

#### **THE INTERNAL CONTROL ENVIRONMENT**

##### **The Council**

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 2015 approved the level of precept for the following financial year.

The Council has an appointed Financial Responsible Officer/Clerk reporting quarterly to the Finance and Administration Working Group Meeting of the Council and monthly to the full Council meeting. Members of the Council monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of ordinary meetings are circulated to all members of the Council.

The RFO/Clerk has delegated powers to incur expenditure on urgent health and safety matters up to £ 1000 and £ 500 on other matters to be ratified at the next following Council meeting. All Committee expenditure to be approved by full Council, unless approved delegated powers have been clearly specified in the Committees' Terms of Reference. Any other expenditure to be approved as specified in the Financial Regulations approved in March each year.

The Council carries out regular reviews of its internal controls, systems and procedures as follows:

### **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 the Council's Responsible Financial Officer and is responsible for administering 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.

### **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 appropriate 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), 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.

### **Controls**

A full monthly bank reconciliation is presented to the Meeting together with the relevant latest bank statements.

In addition a monthly sample check of one invoice, following the paper trail from the decision to incur the expenditure, through the placing of an order, receipt of an invoice, authority for payment and final payment is carried out.

All receipts and payments are reported to the Council via the Minutes.

1. All payments to be banked within 7 days of receipt where possible. . In cases where cheques have to be withheld, Clerk/RFO to notify Council and state on “accounts for payment and receipts” statement.

### **Contracts**

The Council has adopted a Procurement Policy which sets out the tender or quotation requirements for contracts of differing amounts. Contracts to be reviewed annually.

### **Asset Register**

The Clerk/RFO to update as and when necessary and to be approved annually.

### **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 May Finance Meeting prior to renewal on 1 June 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).

### **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.

### **External Audit**

The Council’s external auditors, BDO Stoy Hayward LLP, submit an annual Certificate of Audit, which is presented to the Council.

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(Chairman)

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(Responsible Financial Officer / Clerk)

Approved and adopted by Debenham Parish Council

16 March 2015

