

# St Nicholas-at-Wade with Sarre Parish Council

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## **INTERNAL CONTROL SYSTEMS STATEMENT (LAST REVIEW: 01/05/20 NEXT REVIEW: 2022)**

### **1. SCOPE OF RESPONSIBILITY**

St Nicholas at Wade with Sarre Parish Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law, 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 its functions and which 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 rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and 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, the impact should they be realised, and to manage them efficiently, effectively and economically.

### **3. THE INTERNAL CONTROL ENVIRONMENT**

#### **(a) The Council**

The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council meets monthly and monitors progress against its aims and objectives at each meeting by receiving relevant reports from Councillors and the Clerk/Responsible Finance Officer (RFO).

#### **(b) The Clerk to the Council/RFO**

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 administering the Council's finances. The Clerk is responsible for the day to day compliance with law and regulations that the Council is subject to and for managing risks. The Clerk/RFO also ensures that the Council's procedures, control systems and policies are adhered to.

#### **(c) Payments**

All payments are reported to the Council for approval by the Clerk/RFO at each monthly meeting. Two of three Councillors who are bank signatories approve the monthly payments schedule then action any approved payments via the Parish Council's internet banking facility or by signing appropriate cheques. Approval of the payments schedule is minuted at each meeting.

#### **(d) Accounts**

A reconciliation between the bank statements and the Cash Book are reported to the Council for approval by the Clerk/RFO at each monthly meeting. One of two Councillors who are not bank signatories check and sign the reconciliations. Approval of the bank reconciliation is minuted at each meeting. Comparisons of receipts and expenditure against budget are reported to the Council for approval by the Clerk/RFO on a quarterly basis. The Council reviews its obligations and objectives and approves budgets for the following year including the level of precept annually at its January meeting.

#### **(e) Risk Assessments/Risk Management**

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The Council reviews its systems, controls and policies annually.

## **(f) Internal Audit**

The Council has appointed an independent internal auditor who reports to the Council on the adequacy of its:

- Accounting records
- Policies, systems and procedures
- Internal control systems
- Regulations
- Risk management
- Reviews

The Council carries out an annual review of the effectiveness of its internal audit process and arrangements are approved and minuted. This review is designed to provide sufficient assurance for the Council that standards are being met and that the work of internal audit is effective. It includes as a minimum, making an assessment of each of the following:

- The scope of the internal audit
- Independence
- Competence
- Relationships with the Clerk/RFO and Council
- Audit Planning and Reporting

## **(g) External Audit**

The Council's external auditors submit 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 their internal control systems. This review is informed by the work of:

- The full Council
- The Clerk/RFO who has responsibility for the development and maintenance of the internal control environment and managing risks
- The independent internal auditor who reviews the Council's internal control systems
- The independent external auditor who checks the Annual Return signed by the Clerk/RFO, Chairman and internal auditor.
- Any relevant issues raised during the year