

**BROADCLYST PARISH COUNCIL  
STATEMENT ON INTERNAL CONTROL  
FOR THE YEAR ENDING 31 MARCH 2016**

**1. SCOPE**

Broadclyst Parish 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 as well as being 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.

**2. 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

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

The system of internal control has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts and accords with proper practice as laid down by the Council's Financial Regulations which were last reviewed August 2015.

**3. THE COUNCIL'S INTERNAL CONTROLS**

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

The Council reviews its obligations and objectives and approves budgets for the following year at its December meeting. The December meeting of the Council approves the level of precept for the following financial year.

The Parish Council is currently reviewing its Risk Register and the Council's risk assessments. It is expected that this work will be concluded in the summer of 2016.

The Council's Finance Committee monitors progress against objectives, financial systems and procedures, budgetary control and carries out regular reviews of financial matters. It makes recommendations to the full Council.

The full Council meets 12 times a year and monitors progress against its aims and objectives at each meeting by reviewing and ratifying the recommendations of the Finance committee and by receiving relevant reports from the Clerk / RFO.

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

- b) The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The combined post of Clerk/RFO was established following an internal review of best operating practice in March 2014, previously the Council also appointed a separate Responsible Financial Officer. The Clerk has absorbed the role as the Council's Responsible Financial Officer and manages and administers 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 as well as ensuring adherence to the Council's procedures, control systems and polices. The Clerk is supported by a part time Assistant Clerk and part time Administrator.

- c) All payments are made by BACS, cheque, direct debit or standing order. All payments are reported to the Council for approval, resolution and minuting. Two Members of the Council must authorise every payment through signature of invoices. Council moved to internet banking during the financial year 2014-15 following Government approval of electronic banking.
- d) The Council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:
  - records
  - procedures
  - systems
  - internal control regulations
  - risk management
  - reviews

The effectiveness of the internal audit is reviewed annually.

- e) The Council's External Auditors, Grant Thornton, acting on behalf of The Audit Commission, submit an annual Certificate of Audit, which is presented to the Council.

#### **4. EFFECTIVENESS**

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

- the Finance committee
- the full Council
- the Clerk to the Council/Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and the management of risks
- the independent Internal Auditor who reviews the Council's system of internal controls
- Grant Thornton, the Council's External Auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor. The Audit Commission issues an annual Audit Certificate;
- the number of significant issues that are raised during the year.

#### **5. SIGNIFICANT INTERNAL CONTROL ISSUES**

No significant internal control issues were identified during the 2015-16 financial year. There was an isolated incident in January 2016 where funds were erroneously transferred to a 3<sup>rd</sup> party rather than the intended recipient due to an incorrect account number being entered. The error was identified, all monies were returned in full by the 3<sup>rd</sup> party, and Council's Financial Regulations updated to include the requirement to make a test payment of £1 to all new recipients before further payments are made.

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

Signed ..... Chairman Broadclyst Parish Council

..... Clerk Broadclyst Parish Council

Date .....