

**BROADCLYST PARISH COUNCIL  
STATEMENT ON INTERNAL CONTROL  
FOR THE YEAR ENDING 31 MARCH 2017**

**1. SCOPE OF RESPONSIBILITY**

Broadclyst 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, 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 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:

- 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 2017 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 Governance and Accountability in Local Councils (2016 edition).

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

**a) The Council**

The Council has elected a Chairman who is responsible for the smooth running of meetings

The Council reviews its obligations and objectives and approved a budget for the financial year 2016-2017 year at its meeting held on December 2015 (Minute ref: 15/202iv) . This meeting of the Council approved the level of precept for the 2016-2017 at £199,698 (Minute ref: 15/202v).

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. Minutes are circulated to all Members of the Council and are published on the Council's website.

The full Council meets on a monthly basis (first Monday save for bank holidays when it meets the following day) and receives the Minutes of all committees and ratifies the decisions therein. The Council also monitors progress by receiving relevant reports from Council, Committees, Councillors, the Parish Clerk & Responsible Finance Officer, and its Officers.

No expenditure may be incurred which cannot be met from the amount provided in the appropriate Committee revenue budget unless a virement has been approved by The Council. The Proper Officer may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacements or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report the action to the appropriate Committee or Council as soon as practicable thereafter.

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 after consultation with the appropriate Chairman.

**Recording/reporting:** All payments and receipts are entered into the Council's Rialtas Omega Accounting System. All receipts and are reported to the Council. A copy of all payments is kept with the invoices on a month by month basis. The bank is reconciled monthly.

**Method:** All payments are made by BACS, cheque, or direct debit. The Council currently has no Standing Orders set up on its accounts for regular payment. The signatories check each order for payment against the original relevant invoice, signing the invoice and payment schedule once approved. A third party check is later made against the relevant bank statement by a non-signatory.

**Mandate:** Two Members of the Council must authorise every cheque or order for payment. Council moved to internet banking during the financial year 2014-15 following Government approval of electronic banking. Its preference is for payment by BACS; in 2016/17 no cheques were raised.

**Reconciliation:** the Council checks the bank reconciliation against the Council's bank account.

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 Mrs Lyn Hargood as its Internal Auditor for 2016/17 who will report 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's appointed external auditors for 2016/17 is Grant Thornton. Following completion of the External Audit the annual Certificate of Audit is provided, which is presented to the Council.

#### 4. **REVIEW OF EFFECTIVENESS**

Broadclyst Parish 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 monitored and informed by:

- the Clerk to the Council/Responsible Financial Officer
- the work of Officers within the Council 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
- those elected Members with designated responsibility within this area
- the number of significant issues that are raised during the year.

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

Any concerns about the effectiveness of the system of internal control are investigated and action(s) taken as appropriate.

No significant internal control issues were identified during the 2016-17 financial year.

The Parish Council strives for the continuous improvement of the system it has adopted for internal control and will address any issues and weaknesses raised and reported during the review process.

We are satisfied on all accounts that our arrangements are effective and meet expected standards. The Council approved the Statement of Internal Control at its meeting on 3 February 2017 on the recommendation of its Finance Committee.

Signed ..... Date .....

(Chairman Broadclyst Parish Council)

Signed ..... Date .....

(Parish Clerk and Responsible Finance Officer)