

Clipstone Parish Council

Statement of Internal Controls

For the year ending 31 March 2023

Introduction

Clipstone Parish Council is a local authority predominantly funded by public money and is responsible for ensuring its financial business is conducted in accordance with the law and 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 the Council's functions and which includes arrangements for the management of risk.

The Council is required to review at least annually the effectiveness of its systems of financial control. This is informed by the work of the internal auditor and the Council, as the body corporate who has responsibility for the development and maintenance of the internal audit environment and any comments made by the Council's appointed internal and external auditors in their respective interim and annual reports.

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
- evaluate the likelihood of those risks being realised and the impact should they be realised
- manage them efficiently, effectively and economically

The system of internal control accords with the practices set out in the Joint Panel on Accountability and Governance; A Practitioners Guide (2022 edition).

The Internal Control Environment

The financial integrity of Council is integral to its effectiveness as a corporate body. Financial controls and Councils evolve. During the current financial year, Council has separated out the roles of Clerk and Responsible Financial Officer (RFO) with new officers in post. As part of splitting out the roles and responsibilities of the Clerk and RFO. Council recognises that it should take advantage of the opportunity to enhance financial integrity through the separation of its operational financial systems. Thereby reducing the Council's overall exposure to risk and fraud. This work will commence in earnest.

The Internal Control Environment outlined below reflects current practice from the key players responsible for financial integrity within the Council:

The Council:

- Has adopted Financial Regulations which set parameters for its financial operations
- Reviews its obligations and objectives and approves budgets for the following year at its January meeting
- Approves the level of precept for the following financial year at its January meeting
- Approves and verifies the payments schedule
- Approves the monthly banking reconciliations
- Reviews the quarterly budget to actual reports
- Approves the 3-year reserves plan
- Appoints an independent and competent internal auditor who reports to the Council on an annual basis on the adequacy of its records, procedures, systems, internal controls and risk management
- Any issues raised by the Internal Auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales
- Considers and approves the Annual Governance and Accounting Statement
- Has been appointed External Auditor PKF Littlejohn until further notice to carry out a limited assurance review
- Following completion of the External Audit the annual Certificate of Audit will be placed before Council for consideration and recorded in a minute
- Has an agreed pension provider
- Does not hold its funds in one financial organisation to limit its exposure to risk
- Demonstrates an enquiring mind regarding financial propriety

The Clerk:

- Has been appointed by the Council and acts as the Council's advisor
- Has delegated authority to act on behalf of the Council within the parameters determined by Council and outlined in procedures, control systems and policies
- Is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks
- Ensures that the Council's procedures, control systems and policies are adhered to
- Ensures that the Annual Governance and Accounting Statement notices and rights of inspection are displayed on the Council's website and noticeboards

The Responsible Financial Officer

- Has been appointed by the Council and works under the direction of the Clerk
- Is responsible for the operational aspects of the Council's finances
- Works in conjunction with the Clerk to deliver the Council's strategic plan
- Introduces and reviews the Council's health and safety provision and risk assessments including the provision of appropriate property, legal, insurance and health and safety advice as appropriate to manage risk
- Is responsible for the upkeep of the Council's asset register, listing all major assets in its ownership and for which it is responsible for the maintenance/replacement
- Ensures that the Council's insurance provision is appropriate
- Carries out regular budget monitoring and reports quarterly to the Council
- Runs payroll through HMRC approved software to ensure compliance with its statutory duties under employment legislation

- Submits a VAT claim at least annually

Review of Effectiveness

The Council has overall responsibility for conducting a review of the effectiveness of the system of internal control and internal audit process, which is monitored and informed by:

- the Council;
- the Clerk
- the RFO
- the work of the independent Internal Auditor;
- the External Auditors through the Annual Return.

Adopted by Council: XX YYYY 2023

To be reviewed: Upon impactful change but at least annually

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