

KNOWSTONE PARISH COUNCIL - STATEMENT OF INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Knowstone Parish Council (the Council) is a local authority funded largely by public money. It 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.

The Council is required to review at least annually the effectiveness of its system of financial control.

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.

This system of internal control has been drafted in September 2022 with a view to it being adopted at the Council's meeting on 27th September 2022. It is in accordance with the proper practice as set out in the Practitioners' Guide, Governance and Accountability for Local Councils.

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 approves a budget for each financial year which enables the Precept calculation to be completed.

The Council monitors progress against objectives, financial systems and procedures, budgetary control and carries out regular reviews of financial matters. The full Council meets on a bi-monthly basis (on the fourth Tuesday of May, July, September, November, January and March) and it receives the Minutes of the previous meeting(s). No expenditure may be incurred unless by way of authorised delegated authority of the Clerk or by agreement of full Council. Virement, from budget line to budget line, can be approved by full Council if deemed necessary and appropriate. 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 by way of delegated authority.

Recording/reporting: All payments and receipts are entered into the Council's accounting system. All receipts 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 bi-monthly.

Method: All payments are made by cheque or direct debit (ICO). Two cheque signatories check each payment for accuracy against the original invoice and sign the appropriate cheque, initialling the cheque stub.

Reconciliation: The Council checks the bank reconciliation against the Council's bank account statements at least quarterly.

d) **Contracts**

Procedures as to contracts are laid down in the Councils Standing Orders and Financial Regulations. The Council oversees all contract procedures.

e) **Internal Audit**

The Council appoints its independent Internal Auditor on a year-by-year basis. The auditor 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 External Auditor, PKF Littlejohn, has been appointed by the Audit Commission. As the Council's gross income or expenditure does not exceed £25,000 it is exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

4. REVIEW OF 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 monitored and informed by:

- The Full Council;
- the Clerk to the Council/Responsible Financial Officer;
- the work of the Independent Internal Auditor who reviews the Council's system of internal control;
- the number of significant issues that are raised during the year.