

HOLBETON PARISH COUNCIL

Statement of Internal Control for year ending November 2021

Holbeton 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, 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 uses an Excel spreadsheet to record transactions and monitor performance against budget. Payroll is provided by South Hams District Council. Banking is with Lloyds Bank.

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 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 and the impact should they be realised, and to manage them efficiently, effectively and economically.

Internal controls are set up by the Responsible Financial Officer (RFO) but it falls on the Council members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures, examination of financial comparisons and the recording of assets and liabilities. It will also include identification of risk, to evaluate the likelihood of those risks being realised (and the impact should they be realised), and to manage them efficiently, effectively and economically.

The system of internal control has been and will be in place at the Council for the year ended 31 March 2020 and up to the date of approval of the annual accounts.

The Internal Control Environment

(a) The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chair signs all the pages of the minutes. Decisions made should be within the Standing Orders and Financial Regulations laid down and approved by the Council.

(b) 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 monthly basis (first Tuesday of the month) and it receives the Minutes of the previous meeting(s). The Council also monitors progress by receiving relevant reports from County and District Councillors and from the Police. No expenditure may be incurred unless by way of authorised delegated authority of the Clerk or by agreement of full Council. Transfer of funds from one part of a budget to another, can be approved by full Council if deemed necessary and appropriate. The Council carries out regular reviews of its internal controls, systems and procedures.

Clerk to the Council / Responsible Finance Officer

Date of commencement of Employment 1 February 2014.

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 the Clerk by way of delegated authority.

Recording/reporting: All payments and receipts are entered into the Council's 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: Payments are made by cheque or Direct Debits set up on its accounts for regular payment. The signatories check each cheque for payment against the original relevant invoice, signing the cheque and cheque book stub.

Mandate: Two signatories are required on a cheque for payment.

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

d) Contracts - Procedures 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 Alison Marshall as its independent Internal Auditor who specialises in local council matters, until further notice. 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.

f) External Audit

The Council's External Auditors are PKF Littlejohn LLP, appointed by the Smaller Authorities Audit Appointments Ltd for five years from 2017/18 - 2021/22.

Date adopted: October 2020

Holbeton Parish Council Minute Reference = 089/20

Annually reviewed in November

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