

# **Statement of Internal Control Audit for Financial Year 2016/2017**

## **1. Scope of Responsibility**

St Cuthbert (Out) Parish Council (the 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 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 on going 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.

## **3. The Internal Control Environment**

### **The Council**

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations and objectives and budgets at the level of precept required for the following year at its January Meeting. The Council monitors progress against its aims and objectives at its meetings by receiving relevant reports from the Parish Clerk. The Council regularly reviews its internal controls, systems and procedures.

### **The Clerk/Responsible Financial Officer**

The Council has appointed a Clerk of the Council who acts as the Council's advisor and administrator. The Council also appoints a Responsible Financial Officer and is responsible for administering 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. The Clerk and RFO also ensures that the Council's procedures, control systems and policies are adhered to.

## **Payments**

All payments are approved by Council. No payment can be made without the signatories of two Councillors at a Council meeting (signatories to sign the summary of payments).

The Parish Clerk is responsible for presenting items for payment. Before any payment is made and signatures gained, the Council must pass a resolution for payments to be authorised.

If exceptional payments are to be made, for example high value expenses, The Council can authorise pre payment of expenses by resolution provided at least the Chairman, Vice Chairman and Chairman of Finance & Scrutiny Committee are consulted on the transfer of funds.

All cheques must be signed by two Members of Council who are not beneficiaries of the monies.

Electronic Payments are made by the RFO, after being approved by the Council.

The Chairman of Finance & Scrutiny Committee will have a paper copy of all bank statements.

The ongoing accounts are reviewed at least one Finance & Scrutiny Committee meeting during each financial year (in detail) and an over view of the financial situation is presented to all Councillors at each meeting of the Council.

## **Risk Assessments/Risk Management**

The Council carries out regular risk assessments in respect of its activities and regularly reviews its system and controls.

This matter is currently being worked upon. The Council are seeking to establish all it's liabilities and risks.

## **Internal Audit**

The Council has appointed an independent Internal Auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The effectiveness of internal audit is reviewed annually.

## **External Audit**

The Council's External Auditors submits an annual Certificate of Audit which is presented to the Council.

#### **4. Review of Effectiveness**

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

- The Council
- The Clerk and RFO have responsibility for the design and maintenance of the internal control environment and managing risk
- The independent Internal Auditor who reviews the Council's systems of internal control
- The Council's External Auditors who make the final check using the Annual Return, a form completed and signed by the RFO, the Chairman and Internal Auditor

#### **5. Significant Internal Control Issues**

1. The Council has embarked on a complete review of its liabilities relating to risk management across all its activities and holdings. This work is ongoing and will be presented to the Council for approval. As a minimum the new Risk Management document should highlight:
  - Steps taken to identify key risks facing the Council
  - Evaluate potential consequences to the Council if an event is identified as a risk takes place
  - Decide upon appropriate measures to avoid, reduce or control the risk or its consequences. This might include insurance or the implementation of internal controls.
2. The Chairman of Finance & Scrutiny Committee will now hold a hard copy of all bank statements. Copies to be destroyed after the External Auditor has reported.

Whilst significant Internal Control issues were identified during the year, the Council strives for the continuous improvement of the system it had designed for internal control and has addressed all of the minor issues and weaknesses raised and reported during the review process.

Chairman  
Date:

Clerk of the Council  
Date:

Responsible Finance Officer  
Date: