

Statement of Internal Control Audit for Financial Year 2018/2019

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 who 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.

Financial Regulations

The Council has adopted Financial Regulations which are based on NALC's model financial regulations.

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 or the Clerk, after being approved by the Council.

The Chairman and The Chairman of Finance & Scrutiny Committee have online access to 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.

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 Governance & Accountability Return, a form completed and signed by the RFO, the Clerk, 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. The updated Risk Register was presented to the Council for approval on 26th November 2018. As a minimum this updated risk management document highlights:
 - Steps taken to identify key risks facing the Council.
 - Evaluation of potential consequences to the Council if an event is identified as a risk takes place.
 - Decisions upon appropriate measures to avoid, reduce or control the risk or its consequences. This includes insurance or the implementation of internal controls.
2. The Chairman and Chairman of Finance & Scrutiny Committee has online access to all bank statements.

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: