

# EDALE PARISH COUNCIL

## STATEMENT ON INTERNAL CONTROL

**Adopted 14<sup>th</sup> December 2016**

### **1) Scope of Responsibility**

Edale 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 as required by Section 2 of the Annual Return – Annual Governance Statement.

### **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 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.

The system of internal control was adopted by The Council for the year ended 31 March 2016. Up to the date of approval of the annual report and accounts and, except for the details of significant internal control issues at section 5, accords with proper practice.

### **3) The Internal Control Environment**

#### **The Council**

The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the Council approves the level of precept for the following financial year.

The full Council meets eleven times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Parish Clerk.

The Council carries out regular reviews of its internal controls, systems and procedures.

#### **The Clerk to the Council/Responsible Financial Officer**

The Council has appointed a Clerk to the Council (Proper Officer) who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer (RFO) and

is responsible for administering the Council's finances. The Clerk is responsible for advising the Council on the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that Council procedures, control systems and polices are adhered to.

### **Payroll Controls**

The Clerk must be an employee of the Council. All employees must have a contract of employment with clear terms and conditions. A salary is paid to employees to agree with that approved by the Council. PAYE is being properly operated by the Council as an employer and monthly submission are made to HMRC under Real Time. The Clerks monthly salary and expenses statement is signed off by the Chair at each meeting.

### **Payments**

All payments are reported to the Council for approval. Two Members of the Council authorise every cheque.

### **Income**

All income is received and banked in the Councils' name in a timely manner and reported to the Council at the next meeting.

### **General Account procedures**

Daily accounts are presented to the Council at each meeting.

A budget report is presented for review and is signed off each quarter.

A bank reconciliation is presented at each meeting and is then included in the minutes of that meeting. Where possible, the bank reconciliation is signed off by a Councillor who is not a bank signatory.

Periodically the bank statements are reviewed and initialled by the Chair.

### **Risk Assessments (Risk Management)**

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

### **The Internal Audit**

The Council appoint an Independent Internal Auditor who reports to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management Reviews

The effectiveness of the internal audit system is reviewed annually.

### **External Audit:**

The Council's External Auditors, submit an annual Certificate of Audit, which is presented to the Council and posted on the Council's web site.

### **Standing Orders**

The Council has adopted a set of Standing Orders based on the model recommended by NALC, and are reviewed on a regular basis. These regulations are available to view on the Council's web site.

### **Financial Regulations**

The Council has adopted a set of Standing Orders based on the model recommended by NALC, and are reviewed on a regular basis. These regulations are available to view on the Council's web site.

### **Policies and Procedures**

The Council has adopted a set of Policies and Procedures to assist in the management of the business of the Council, and are reviewed on a regular basis. These are available to view on the Council's web site.

### **VAT**

Where applicable, VAT payments are identified, recorded and reclaimed.

### **Petty Cash**

The Council does not hold any petty cash.

### **Asset Register**

The Council maintains a register of all material assets owned or in its care. The Clerk to update the register as and when necessary and is approved on update and annually.

### **Insurance**

The Council's insurance provision is reviewed annually both in relation to its schedule of cover and also its value for money.

### **Code of Conduct**

Under the Localism Act 2011 The Council has adopted the same Code of Conduct as the High Peak Borough Council.

It is the responsibility of each member to ensure their Register of Interest form is up to date and submitted to the Borough Council through the Clerk.

An item 'Declarations of Interest' will be placed on every agenda. Members should consider every item and ensure that any interest is declared at the beginning of the meeting or before the matter is discussed.

At the start of each new Council following an election, dispensation must be approved whereby, without the dispensation the number of members that would be prohibited from participating/voting would be so great that, it would impede any particular transaction of business.

#### **4) Review of Effectiveness**

The Council to review the effectiveness of the system of internal control on an annual basis, usually at the annual general meeting of the Council.

The review of the effectiveness of the system of internal control is informed by the work of:

- the full Council;
- the Clerk / RFO who has responsibility for the development and maintenance of the internal control environment and managing risks;
- the independent Internal Auditor who reviews the Council's system of internal control;
- the Council's external auditors, who issue an annual audit certificate;
- the number of significant issues that are raised during the year.

#### **5) Significant Internal Control Issues**

No significant internal control issues have been identified during the current year 2016-2017 financial year with the exception that no internal control system was documented until December 2016.

Whilst no significant internal control issues were identified so far during the year the Council strives for the continuous improvement of the system it has adopted and will address all the minor issues and weaknesses raised and reported.

Signed by the Vice- Chairman of Edale Parish Council meeting of the 14<sup>th</sup> December 2016

Signature:

Name: Julie Morten

Minute reference: 16/12/8.5