

THORNBURY PARISH COUNCIL

Statement of Internal Controls

November 2019

1. SCOPE OF RESPONSIBILITY

Thornbury 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, 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 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,
- d) ensure that approval of the annual report and accounts accords with proper practice as set out in the Practitioners' Guide Governance and Accountability in Local Councils (2016 edition).

3. THE COUNCIL'S INTERNAL CONTROLS

a) The Council

The Council has elected a Chair 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 quarterly basis and it receives the Minutes of the previous meetings. The Council also monitors progress by receiving relevant reports from County and District Councillors.

No expenditure may be incurred unless by way of agreement of full Council.

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.

Recording/reporting: All payments and receipts are entered into the Council's accounting system. All receipts and payments are reported to the Council. A copy of all payments is kept with the invoices on a month by month basis. The bank accounts are reconciled monthly.

Method: All payments are made by cheque or by online banking. The accounts to be paid are presented to each full Council meeting for agreement and signed by two Councillors. For payments by cheque, the signatories check the details of each cheque for payment against the original relevant invoice, signing the cheque and cheque book stub. For online payments, the RFO will pay the signed invoice amount, and send a copy of the transaction statement to the Chair on completion.

Payments may be made between Council meetings where a delay is not acceptable, subject to the above controls, including agreement and signature by two Councillors.

Mandate: Two bank mandate holders, which may include the Clerk/RFO, must authorise every cheque or online order for payment.

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

d) Contracts

Procedures as to contracts 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 Jeremy Bond as its independent Internal Auditor until further notice, who 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 has been appointed an External Auditor under the AGAR process. Following completion of the External Audit the annual Certificate of Audit is provided, which is presented to the Council.

4. REVIEW OF EFFECTIVENESS

Thornbury Parish 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 Clerk to the Council/Responsible Financial Officer
- the work of the Independent Internal Auditor
- the External Auditors through the Annual Return and their annual letter
- the number of significant issues that are raised during the year.

Date of approval of this Statement of Internal Controls:
Parish Council meeting, 14th November 2019, minute 19/009.