

Lydford Parish Council – Statement of Internal Control

1. SCOPE OF RESPONSIBILITY

Lydford 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.

This system of internal control has been in place at the Council since the year ended 31 March 2018 and up to the date of approval of the annual report and accounts and accords with proper practice as set out in the Practitioners' Guide Governance and Accountability in Local Councils (2022 edition).

3. THE COUNCIL'S INTERNAL CONTROLS

a) The Council

The Council has elected a Chairman 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 monthly basis (second Tuesday save for August when a meeting will not be held unless agreed by full Council) and it receives the Minutes of the previous meeting(s). The Council also monitors progress by receiving relevant reports from County and District Councillors at the meetings.

No expenditure may be incurred unless by way of authorised delegated authority of the Clerk (See Scheme of Delegation) or by agreement of full Council. The Council carries out regular reviews of its internal controls, systems and procedures.

All councillors can have the facility to view the Council's bank account(s) live and online.

b) Clerk to the Council / Responsible Finance Officer (RFO)

Date of commencement of employment: May 2019

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 full Council (or by a committee having delegated authority), 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.

Method: All payments are made by cheque or by online payment. The Council currently has no standing orders and one direct debit set up on its account for regular payment. Two signatories (Councillors authorised by the full Council) check each cheque or payment against the original relevant invoice, signing the cheque and cheque book stub or authorising the payment online.

Mandate: Two Members of the Council with the appropriate authority must approve every payment. All Councillors will be given authority to view the bank account(s) online if requested. The Clerk as RFO has authority to raise payments, and is the administrator of the bank account, but does not have the facility to authorise online payments or to sign cheques.

Reconciliation: the Council checks the bank reconciliation against the Council's bank account statements quarterly. A Councillor has been appointed to review the reconciliation and sign the appropriate reconciliation document.

d) Contracts

Procedures as to contracts are laid down in the Councils Standing Orders and Financial Regulations. The Council oversees all contract procedures.

e) Internal Audit

The Council will appoint an independent Internal Auditor annually. The auditor 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 subscribes to the Smaller Authorities Audit Appointments (SAAA). External Auditor PKF Littlejohn were appointed in 2023 as the external auditor for Lydford until 2026/7. Councillors will be required to inspect and accept the Annual Governance and Accountability Returns (AGAR) documentation, which is submitted to the external auditors. Typically these documents are presented at the May meeting of the Council once the internal audit has been completed and signed-off. Following completion of the External Audit the annual Certificate of Audit is provided, which is presented to the Council.

4. REVIEW OF EFFECTIVENESS

Lydford 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 Officers within the Council reporting to the Parish Clerk (the Responsible Finance Officer)
- the work of the Independent Internal Auditor
- the External Auditors (if required under the new regulations) 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 Control 4.5.2021

Minute ref: Item 3

Revisions

#1 – 20.4.2022 Following recommendation from internal auditor, the named internal auditor was removed from item 3.f and replaced with a generic statement to appoint an auditor annually.

#2 – 5.4.2023 Details of the External Auditors amended and procedure for external audit updated in line with guidance from PFK Littlejohn.