



**Policy Statement of Internal Control and
Annual Review of Effectiveness of Internal Control and Audit**

Adopted 15th August 2023 Minute 78.23

1. SCOPE OF RESPONSIBILITY

Tisbury Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

Regulation 3 of the Accounts and Audit Regulations 2015 states that 'a relevant authority must ensure that it has a sound system of internal control which:

- a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- b. ensures that the financial and operational management of the authority is effective; and
- c. includes effective 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 and reduce it to a reasonable level, rather than to eliminate all risk of failure and to achieve Council policies, aims and objectives. Therefore, it can provide only reasonable and not absolute assurance of the effectiveness of the management of those risks and their impact should they be realised.

The system of internal control is on-going and accords with proper practice as set out in the latest edition of the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide.

3. RESPONSIBILITY FOR THE INTERNAL CONTROL ENVIRONMENT

The Council:

The Council as a corporate body is responsible under statute for certain decisions which cannot be delegated: the setting of the annual Precept and the approval of the Annual Accountability and Governance Return (AGAR).

The Council has approved Financial Regulations and includes within its Standing Orders particular provisions relating to contracts. The Council's System of Internal Control is ancillary to and underpins those Financial Regulations and Standing Orders.

The Council must appoint a Chair who is responsible for the smooth running of meetings and ensures that all Council decisions are lawful with the advice of the Parish Clerk.

As part of the annual budget process, the Council reviews its obligations and objectives and approves a budget for the following year at its meeting in December or January of the current financial year.

The Council meets at least 12 times each year and monitors progress, budgetary control and financial matters including the receipt of a monthly list from the Parish Clerk, who is also the RFO, of receipts and payments to date, a budget to actual report providing details under each main budget heading (comparing actual expenditure to the appropriate date against that shown in the budget) and monthly bank reconciliations for the Council's accounts.

Clerk to the Council/Responsible Finance Officer:

The Council has appointed a Parish Clerk who as Proper Officer acts as the Council's advisor and administrator. The Clerk is also the Council's Responsible Finance Officer who is responsible for administering the Council's finances. The Clerk is responsible for the day-to-day compliance with laws and regulations and for managing risks. They also ensure that the Council's procedures, control systems and policies are maintained.

The Clerk/RFO shall check and authorise payments prior to their presentation for physical or electronic signature in accordance with the approved financial procedures.

The Clerk/RFO submits all the requested information to the internal and external auditors by the required date. The Clerk/RFO arranges for public notices to be displayed.

The Clerk/RFO retains all relevant documents relating to finances in accordance with best practice and the Council's Document Retention Policy (Annual Return, VAT Returns, PAYE/NIC information, Public notices, Fixed Asset register, Risk assessments, accounts and supporting information).

Internal Auditor

The Council approves the appointment annually of a suitably qualified and experienced Independent Internal Auditor who reports to the Council in accordance with the scope of internal audit sufficient to provide an adequate level of assurance for the Council to complete assertions 2 and 6 in its Annual Governance Statement.

The effectiveness of the internal audit is reviewed annually by the Council.

The scope of the work of the Internal Auditor is reviewed annually, the review and the appointment are minuted. The reports of the Internal Auditor are considered at the next meeting of the Full Council following receipt.

External Audit:

The Council's External Auditors are appointed in accordance with the current statutory accounting and audit framework.

The Council displays public notices of the exercise of electors' rights and conclusion of audit as required by regulation.

The Council's current External Auditors are:
PKF Littlejohn, 15 Westferry Circus, London E14 4HD

4. FINANCIAL AND ACCOUNTING PROCEDURES**Financial Regulations**

The Council's Financial Regulations are reviewed annually and on receipt of any changes received from the National Association of Local Councils.

Payments and Signatories

Internet banking payments are raised by the Clerk and authorised by two councillors (invoices are provided for reference). Payments are listed and presented to all councillors before the next Full Council meeting.

When cheques are required, two councillors sign all cheques, the signatories also initial the cheque stubs and ensure that the cheque agrees with the amount and payee named on the invoice.

All payments are reported to the Full Council. Two members of the Council must sign the payment schedule having first compared the schedule against the relevant invoice (which has already been signed by the Clerk), and sign the invoice. All authorised signatories are members of the Council. No member of staff of the Council can make payments (otherwise than out of petty cash).

VAT Repayment Claims

The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable and maintains a VAT account to show that the correct amount of VAT is reclaimed quarterly within the financial year.

Cash and Cheque Handling/Security

The Clerk will receive all income. They will ensure that the amount of the Precept is correct and that all instalments are received. All cash and cheques shall be kept safely in a locked place and shall be periodically banked (at least monthly). All income shall be reported to the Full Council meeting.

Salaries and other Staff Payments

Salaries and other staff payments shall be made by no later than the 25th of each month (by BACS). An external payroll company is used and provides the information to the RFO for payment of salaries, payments and requirements to HMRC and pension contributions.

Upon the production of appropriate receipts, out of pocket expenses for small day-to-day items appropriate to the duties of the staff member shall be reimbursed. Mileage and any other expenses shall be reimbursed in accordance with rates approved by the Council.

Budgetary Control

The Clerk/RFO will ensure that all accounts certified for payment are endorsed within the correct budgetary centre. The Clerk/(RFO shall reconcile every month the information contained in the Rialtas Alpha system's cashbook with the relevant bank statements. The Council receives a budget report at each Full Council meeting.

Procurement

Financial Regulations provide a framework and set procedures for dealing with contracts of certain values. Working beneath that framework, provision needs to be made for the day-to-day operational work of the Council and to that end the Clerk is authorised to issue orders for office and other supplies to support the Council's administration and day-to-day operation within agreed budgets.

The Clerk may incur expenditure on behalf of the Council which is necessary for the purposes of any repair, replacement or other work of an urgent nature, whether or not budgetary provision exists for such expenditure, up to a limit of £1,000. The Clerk shall report the action to the Chair immediately and to the Council at the next Full Council meeting.

5. ASSET MANAGEMENT

The Council's Asset Register is reviewed annually by the Full Council. No property shall be sold, leased or otherwise disposed of without the authority of the Council.

The adequacy of insurance of the Council's assets is reviewed annually in advance of the insurance renewal.

6. RISK MANAGEMENT

The Council undertakes regular risk register and risk assessment reviews and takes the necessary action arising out of those reviews.

7. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of the internal audit.