

## **YATTON PARISH COUNCIL**

### **STATEMENT ON INTERNAL CONTROL FOR THE YEAR ENDING 31 MARCH 2009**

#### **SCOPE OF RESPONSIBILITY**

Yatton 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, Yatton Parish Council (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.

#### **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 has been in place at the Council for the year ended 31 March 2009 and up to the date of approval of the annual accounts and accords with proper practice as set out in the Practitioners' Guide. *Governance and Accountability in Local Councils* (2008 Edition)

#### **THE INTERNAL CONTROL ENVIRONMENT**

##### **The Council**

The Council reviews its obligations and objectives and approves a budget for the following year at its December meeting. The December meeting of the Council approves the level of precept for the following financial year. In 2008/09 minor amendments to the budget, not affecting the precept, were made at the January 2009 meeting.

The Council has appointed a Finance, Personnel and Administration Committee. The Committee met nine times in the year ended 31 March 2009. Members of the Committee monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of the meetings of the Committee are circulated to all members of the Council.

The full Council meets eleven times each year (this is under review). It monitors progress by receiving relevant reports from the Finance Committee and the Parish Clerk.

Some Committees have delegated powers to incur expenditure within their budgetary provision. In April or May 2009 the Council will be considering a maximum limit on the amount of expenditure that any Committee can incur on any individual item or contract.

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

### **Clerk to the Council / Responsible Financial 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 administering 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.

### **Payments**

All expenditure must be authorised by the Council, or by a committee having delegated authority, or (in cases of urgency for amounts not exceeding £1000) by the Clerk after consultation with the appropriate Chair. All one-off items of expenditure, other than out of petty cash, must be recorded on an official purchase order form, with the list of order numbers recording the Minute number of the authorising committee where possible. The list of orders is available for inspection by any member of the Council on demand.

All receipts and payments are reported to the Council. Two members of the Council must sign every cheque or order for payment. The signatories check each cheque against the relevant invoice (which has already been signed by the Clerk), sign the invoice and initial the cheque counterfoil. All authorised cheque signatories are members of the Council. No member of staff of the Council can make payments (otherwise than out of petty cash) or sign cheques.

In addition a nominated member performs a monthly sample check of one invoice, following the paper trail from the decision to incur the expenditure, through the placing of an order, receipt of an invoice, authority for payment and final payment. The nominated member also checks the monthly bank reconciliation and petty cash reconciliation.

### **Contracts**

In March 2009 the Council has adopted a Procurement Policy which sets out the tender or quotation requirements for contracts of differing amounts.

### **Risk Assessments / Risk Management**

The Council intends to review its risk assessments in the current year. The Parish Council's insurance cover has been reviewed and the level of Fidelity Guarantee Insurance has been raised to the recommended level (balances + half of precept, being the maximum amount of cash at risk at any time).

### **Internal Audit**

The Council has appointed an Independent internal auditor who has reported to the Council on the adequacy of its records, procedures, systems, internal control and risk management.

The effectiveness of the internal audit is reviewed annually by the Council. The Council will be appointing a new internal auditor for the year ended 31 March 2010 and will take appropriate steps to ensure that the internal audit follows proper practices as set out in the Practitioners' Guide.

### **External Audit**

The Council's external auditors, Mazars LLP, submit an annual Certificate of Audit, which is presented to the Council.

### **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 internal audit. The results of that review must be considered by the Council or the Finance, Personnel and Administration Committee and the Council or Committee must also approve the Statement on Internal Control.

\_\_\_\_\_  
(Chairman)

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(Responsible Financial Officer / Clerk)

Approved and adopted by Yatton Parish Council

20 April 2009 \_\_\_\_\_  
(Date)