

# **LUPPITT PARISH COUNCIL**

## **Statement of Internal Control**

### **Introduction**

Luppitt Parish Council (the Council) is funded largely by public money and is responsible for ensuring its financial business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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.

The Council is required to review at least annually the effectiveness of its system of financial control. This is informed by the work of the internal auditor and the Council, through the Responsible Finance Officer, who have responsibility for the development and maintenance of the internal audit environment, and also any comments made by the external auditors in their annual report.

### **The Purpose of the System of Internal Control**

The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them effectively and economically.

The system of internal control accords with the practices set out in the Governance and Accountability in Local Councils: A Practitioners' Guide (March 2018 edition).

### **The Internal Control Environment**

The Council has adopted Financial Regulations (March 2015) which set parameters for the Council's financial operations. The Council has appointed a Responsible Finance Officer (the Parish Clerk) who implements financial systems and controls.

The Council uses Excel software to process transactions and monitor performance against budget. Banking services are provided by Co-Operative Bank. An independent internal audit service is provided by Gavin Brake of Luppitt, Honiton, and the Council's internal monitoring is undertaken by a nominated Councillor.

Any issues raised by the internal auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales. Additionally, the Council seeks and receives appropriate property, legal, insurance and health and safety advice as appropriate to manage risk.

The Council, through the Responsible Finance Officer, is responsible for:

- establishing and monitoring the achievements of the authority's objectives
- the facilitation of policy and decision making
- ensuring compliance with established policies, procedures, laws and regulations

- identification and management of risk
- ensuring that best value and value for money are achieved in all purchases
- ensuring all Councillors receive regular and up-to-date reports on financial activities under their direction
- ensuring performance is regularly monitored against financial and operational budgets
- control and reports on the financial management of the Council.

### **Review of Effectiveness**

The council, through the Responsible Finance Officer, has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

The review of the effectiveness of the system of internal control is monitored as follows:

- The Parish Clerk is the Council's Responsible Finance Officer who acts as the Council's legal advisor and administrator. The Clerk is responsible for administering the council's finances, for advising on compliance with laws and regulations which 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.
- The elected Member of the Council who has particular responsibilities within this area. The Member monitors progress against objectives, financial systems and procedures, budgetary control and carries out regular reviews of financial matters. The Council meets 12 times each year. It monitors progress by receiving relevant reports from the Responsible Finance office (Parish Clerk).
- The work of the internal auditor. The internal auditor, an independent person specialising in local council matters, reports to the Council on the adequacy of its records, procedures, systems, internal control and risk management.
- The external auditors in their annual report.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

**In the year to date, there were no fundamental or significant weaknesses in the internal control system.**

**This Statement of Internal Control was adopted by the Council at its Meeting held on Tuesday, 19 May 2015, Minute number 6.4.1, Minute Book Page Number 386 and is reviewed annually.**