

Wixams Parish Council

System of internal control

July 2018

1. Scope of Responsibility

Wixams Parish Council (the Council) 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 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; reducing it 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 on-going 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.

3. The Internal Control Environment

3.1 The Council

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its budgets and the level of precept required for the following year at its December Meeting. The Council monitors progress against this budget at its monthly meetings by receiving relevant reports from the Responsible Financial Officer. The Council regularly reviews its internal controls, systems and procedures.

On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council [Finance Committee].

3.2 The Clerk and Responsible Financial Officer

The Council has appointed a Clerk of the Council who acts as the Council's advisor and administrator. A councillor fulfils the role of Responsible Financial Officer and is responsible for administering the Council's finances, but the Clerk is responsible for the day-to-day

compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

3.3 Payments & Records

All payments are approved by the Council. The Clerk prepares a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and presents the schedule to council. The Council reviews the schedule for compliance and, having satisfied itself, authorises payment by a resolution of the council.

Two Members of Council must sign every cheque. Payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates are made by variable direct debit; the instructions are signed by two members and any payments are reported to the Council as made. Payment for certain items is made by internet banking transfer and evidence is retained showing Council approval for the payment. Payment for certain items is made by banker's standing order and evidence is retained showing Council approval for the payment.

The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.

The RFO maintains all entries of sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate. The RFO keeps under regular review the bank mandate for all council bank accounts.

3.4 Risk Assessments/Risk Management

The Council carries out an annual risk assessment in respect of its activities and regularly reviews its system and controls. Where the Council enters into new material risks during the year, an additional risk assessment is carried out.

3.5 Internal Audit

The Council has appointed an independent, competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The selection of the internal auditor is reviewed annually.

3.6 External Audit

The Council's external auditors submits an annual Certificate of Audit which is presented to the Council.

4. Review of Effectiveness

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of:

- The Council
- The Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk
- The independent internal auditor who reviews the Council's systems of internal control
- The Council's external auditor who makes the final check using the annual return, a form completed and signed by the RFO, the chairman and internal auditor

5. Significant Internal Control Issues

No significant internal control issues have been identified.

Whilst no significant internal control issues were identified during the year, the Council strives for the continuous improvement of the system it has designed for internal control and will strive to address any issues and weaknesses raised and reported during the review process.