

MOULTON PARISH COUNCIL

INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2024

1. SCOPE OF RESPONSIBILITY

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

The Council is 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 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

The budget

The Council reviews its obligations and objectives and approves the budget and level of precept for the following financial year at its November meeting. Expenditure made against the budget is reviewed in September and March.

Clerk to the Council/Responsible Finance Officer:

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 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.

Bank reconciliations

The Council uses Scribe accounting software which is tailor made for parish councils. The software does not allow payments to be deleted. Bank reconciliations are completed on Scribe every time a bank statement is received. A councillor is appointed to have responsibility for bank reconciliation checks which includes cross referencing payments made against the payment details in the Council's accounts.

Payments:

Almost all payments are made online and cheques are rarely used. The clerk sets up payments and a councillor authorises them online. Payments are reported to the Council for approval. In exceptional circumstances the Clerk and Chairman are authorised to make payments between meeting subject to the conditions set out in the Council's Financial Regulations (4.2 and 4.5).

Two members of the Council must check and sign the Schedule of Payments. These councillors consider each payment against the relevant invoice and sign the invoice. If payments are made by cheque, two councillors sign cheques and initial the cheque stub. The Clerk is authorised to set up online payments but not to sign cheques, subject to the controls set out in the Parish Council's Financial Regulations.

Regular payments are approved at the January meeting and the Clerk is authorised to set up these payments as and when required. A statement of all payments made is presented to the Parish Council at their next full council meeting.

Income:

All income is received and banked in the Council's name in a timely manner and reported to the Council.

Financial checks at meetings

The following financial checks are carried out at every meeting:

1. Transactions on bank statements are cross referenced against the Council's account and the closing balance verified.
2. The Clerk produces a Schedule of Payments requiring authorisation along with the relevant invoices. The legal power is included in the schedule of payments.
3. The Clerk presents a record of receipts and payments made since the last meeting to the Council.
4. If paying by cheque, both signatories check and sign the relevant invoices and cheque counterfoil.
5. When relevant two councillors will sign the hard copy of any changes to bank details of suppliers. Bank details may only be changed on written hard copy notification by the supplier.

Risk Assessments/Risk Management:

The Council reviews its risk assessment and internal controls annually in March.

Internal Audit:

The Council appoints an independent and competent internal auditor who reports to the Council on an annual basis on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management

External Audit:

Should an external audit be required, the Council's external auditors submit 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, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council, which should also approve the Statement of Internal Control. This review takes place in December.

Reviewed: 15th January 2024.