# Lanivet Parish Council

## Statement of Internal Control

### Introduction

Lanivet Parish Council (the Parish Council) is a local authority 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 Parish Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Parish Council's functions and which includes arrangements for the management of risk.

The Parish 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 Finance Committee, 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 Parish 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 (2011 edition).

### The Internal Control Environment

The Parish Council has adopted Financial Regulations (on 13 March 2007 updated 21st May 2020) which set parameters for the Parish Council's financial operations. The Parish Council has appointed a Responsible Finance Officer who implements financial systems and controls.

The Parish Council uses a Microsoft Excel spreadsheet to process transactions and monitor performance against budget. Payroll services are provided by Lanivet Parish Council using HM Revenue & Customs Payroll System. Banking services are provided by Lloyds. An independent internal audit service is provided by Hudson Accounting and Council's internal monitoring is undertaken by the Finance Working Party.

Any issues raised by the Internal Auditor are reported in writing to the Parish Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales.

Additionally, the Parish Council seeks and receives appropriate property, legal, insurance, and health & safety advice as appropriate to manage risk.

The Parish Council 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 committees 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 Parish Council

**Review of Effectiveness**

The Parish 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 by:

- The work of Officers within the Parish Council reporting to the Responsible Finance Officer.
- The Parish Clerk is the Council's Responsible Finance Officer who acts as the Parish Council's legal advisor and administrator. The Clerk is responsible for administering the Parish Council's finances, for advising on compliance with laws and regulations which the Parish Council is subject to, and for managing risks. The Clerk also provides advice to help the Parish Council ensure that its procedures, control systems and policies are adhered to.
- Those elected Members of the Finance Committee who have particular responsibilities within this area. The Committee aim to meet 4 times in the financial year. Members of the Committee monitor progress against objectives, financial systems and procedures, budgetary control, and carry out regular reviews of financial matters. This is reported at the Main Meeting and included in the Minutes which are circulated to all members of the Parish Council and recommendations are considered at full Parish Council meetings. The full Parish Council meets 12 times each year. It monitors progress by receiving relevant reports from the Finance Committee and the Responsible Finance Officer (Parish Clerk).
- The work of the Internal Auditor. The Internal Auditor, an independent person specialising in local Council matters, reports to the Parish 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.

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