MARY TAVY PARISH COUNCIL

STATEMENT ON INTERNAL CONTROL
FOR THE FINANCIAL YEAR ENDING 31 MARCH 2020

SCOPE OF RESPONSIBILITY

Mary Tavy Parish Council is a local authority funded largely by public money. It 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 and effectively.

In discharging this overall responsibility, Mary Tavy Parish Council (the Council) is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and 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 effectively and economically.

The system of internal control has been in place at the Council for the year ending 31 March 2020 and up to the date of approval of the annual accounts and accords with proper practice as set out in the Governance and Accountability for Local Councils Practitioners' Guide (England).

THE INTERNAL CONTROL ENVIRONMENT

The Council
The Council has appointed a Chairman who is responsible for the smooth running of Council meetings. For the financial year ending 31 March 2020, this was Cllr. Anthony Williams.

All decisions, during the financial year ending 31 March 2020, were made by the full Council during their publicly accessible monthly Council meetings with two notable exceptions: the selection of a permanent Clerk in June 2019 by the HR Committee and a decision determined by the Clerk on 25 March 2020 using delegated authority.

For the last week of the financial year (23 March–31 March 2020) and onwards, the Clerk, as Proper Officer to the Council, has delegated authority to make decisions regarding payment of invoices, comments on planning applications, emergency repair or replacement works and other decisions critical to the running of the Council, following email or telephone consultation with the full Council, until the next meeting of the Council. This scheme of delegation was approved by resolution during the extraordinary meeting of the Council held on 23 March 2020 (minute book page numbers 70-71) that was called by the Chairman in response to the coronavirus outbreak to ensure continuity of business.

During the Annual Council Meeting held on 8 May 2019, the Council appointed a HR Committee and appointed the following councillors to the Committee: Cllr. Dunn, Cllr. Reid and Cllr. Wright. The HR Committee were delegated the power to recruit a permanent Clerk (minute book page number 5) as the Council were using a Locum Clerk at the time. Following the successful recruitment of a permanent Clerk, this power was dissolved although the Committee continued to exist in an advisory capacity to present recommendations to the full Council.

At the extraordinary meeting of the Council held on 23 March 2020, called in response to the coronavirus outbreak to ensure continuity of business, the HR Committee were delegated the power to make decisions regarding payment of the Clerk's salary until the next meeting of the Council (minute book page number 71); although the HR Committee did not utilise this power for the first time until April 2020.

No further committees were renewed at the Annual Council Meeting held on 8 May 2019; thereby dissolving the pre-existing cemetery, finance and planning committees. Also confirmed at the Annual Council Meeting, the renewal of existing bank signatories (Cllr. Fife Cook and Cllr. Page) and the appointment of two further bank signatories: Cllr. Prosser and Cllr. Reid (minute book page number 4).

The Council reviewed its obligations and objectives and approved a budget for the financial year 2019-2020 at the meeting held on 15 January 2019 (minute book page number 39). This meeting of the Council also approved the level of precept for the financial year 2019-2020 (minute book page number 39).

The Council reviewed and made changes to its earmarked reserves during the full Council meeting held on 14 January 2020 (minute book page number 52).

The Council monitors progress against objectives, financial systems and procedures and budgetary control; and carries out regular reviews of financial matters. The minutes of Council meetings are circulated to all members of the Council and are published on the Parish Council's website, www.marytavyparishcouncil.co.uk, within one month of the meeting taking place.

The Council has appointed specific councillors to review its internal controls, systems and procedures. Cllr. Butland has been appointed to verify bank reconciliations (for all accounts) produced by the Responsible Financial Officer. For the 2019-2020 financial year, this involved a check of each bank reconciliation produced during the year against the relevant original bank statements, and signing the documents as evidence of verification, at financial year-end.

In order to enhance the efficacy of the Council's system of internal control, bank reconciliation verifications will occur more frequently during the 2020-2021 financial year, at least every quarter, as well as at financial year-end; the conclusion of which will be reported to and noted by the full Council.

Clerk to the Council / Responsible Financial Officer (RFO)
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
During the financial year ending 31 March 2020, all expenditure was authorised by the full Council. From April 2020 onwards, the Clerk has used delegated responsibility to approve some payments, following consultation with the full Council, during the coronavirus outbreak to ensure continuity of business until the next meeting of the Council. Upon the recommencement of full Council meetings, all expenditure will require authorisation by resolution of the full Council once again.

The Clerk provides the Council with a bank reconciliation, a statement of receipts and payments to date and a year to date budget sheet once per month by email with the agenda at least three clear working days before a full Council meeting.

In order to enhance the efficacy of the Council's system of internal control, the full Council will be required, during the 2020-2021 financial year, to approve by resolution the bank reconciliation and the year to date budget sheet during the finance item of the meeting as a safeguard for the RFO; and the Chairman of the meeting will be required to initial each document. Additionally, the Clerk will prepare and present to the Council a schedule of payments, listing the payments requiring approval that already form part of the agenda for the meeting, which the Chairman of the meeting will initial once the Council have authorised the payments by resolution. The schedule of payments will be filed with the approved minutes of the Council meeting.

All payments and receipts are entered onto a Microsoft Excel spreadsheet on the Parish Council's laptop which has password access. The Parish Council's laptop has up-to-date anti-virus, anti-spyware and firewall software packages installed.

All invoices and grant applications are initialled by two members of the Council in accordance with a resolution instructing that payment.

With regards to cheque payments, two members of the Council, who are bank signatories, must check and sign every cheque against the relevant invoice and initial the cheque stub. Cheques are only presented for signature at full Council meetings.

The Council also pays invoices and grants electronically via internet banking arrangements. The Clerk is the Service Administrator of the bank accounts and is able to submit payments for authorisation by two councillors who are bank signatories; the Clerk has no power to authorise payments. The Clerk sends two councillors, who are bank signatories, an electronic copy of each approved invoice to their Parish Council email account; councillors are required to check the amount to be debited and the account number and sort code of the beneficiary on the invoice against the payment instruction for errors prior to submitting an electronic authorisation. The Clerk prints and retains a sheet of transaction details showing which two signatories authorised each electronic payment and the date and time of the authorisations. Payment instructions require separate authorisation by two councillors who are bank signatories in order to be fully processed; if this does not occur within a one-month period the payment is not processed and the instruction is automatically cancelled by the bank.

Payments to the following beneficiaries are made by Direct Debit: West Devon Borough Council (bi-annual for the dog bin emptying service), Information Commissioner's Office (annual data protection fee) and Campaign to Protect Rural England (annual subscription fee). All Direct Debit Instructions are signed by two bank signatories, in accordance with a resolution to approve the payment, and the subsequent written confirmations of the set-up of Direct Debit Instructions are checked for accuracy and initialled by two bank signatories. In order to enhance the efficacy of the Council's system of internal control, during the 2020-2021 financial year, the Clerk will report to full Council, via the agenda, each time a payment by Direct Debit is made.

Income
All income is received and banked in the Council's name in a timely manner and reported to the full Council via the agenda and the monthly updated statement of receipts, year to date budget sheet and bank reconciliation. Income cheques (receipts) are sent to the bank by post with a completed paying-in slip; the origin of the receipt is entered onto the paying-in book stub which is retained by the Clerk.

Contracts
Procedures as to contracts are laid down in the Council's Standing Orders and Financial Regulations. The full Council oversees all contract procedures.

During the late months of 2019 and early months of 2020, the Council decided to review its grass cutting and maintenance requirements, draw up a new specification and write an invitation to tender. A Working Group was set up for this purpose. The Council followed the procedures within its Standing Orders and Financial Regulations, namely:

i) The invitation to tender included details of the deadline, addressee and postal address for the submission of tenders and informed contractors of the requirement to submit quotes in writing (electronic bids were not permitted) within a sealed envelope clearly marked, 'sealed bid.'

ii) The invitation to tender was widely advertised; it was published in a local newspaper, on the Parish Council's website and on two local Facebook hubs.

iii) A total of eight sealed bids had been received by the deadline (Financial Regulations require a minimum of three quotations to be obtained); therefore, the sealed bids were opened at the same time by the Clerk in the presence of five councillors on 10th March 2020 during the part two section of a full Council meeting following a resolution to dismiss members of the public.

Risk Assessments / Risk Management
The Council carries out an annual risk management review which examines current records of risks and related health and safety, employment and insurance issues and strategies to mitigate risk in terms of continued applicability, likelihood and effectiveness. The Clerk will report risk assessments to the full Council for its consideration, approval and action.

Internal Audit
The Council have appointed Jane Gillard as its independent internal auditor who will report to the Council on the adequacy of its records, procedures, systems, internal control and risk management.

External Audit
The Council's appointed external auditor is, "PKF Littlejohn LLP". The Council will be elegible to certify itself exempt from the requirement for a limited assurance review as its annual turnover for the financial year ending 31 March 2020 did not exceed £25,000. Should the Council wish to exempt itself, a resolution to this effect will be passed during a full Council meeting and the Certificate of Exemption will be signed by both the Responsible Financial Officer and the Chairman of the Council.

REVIEW OF EFFECTIVENESS
Mary Tavy Parish Council has responsibility for conducting an annual review of the effectiveness of its systems of internal control. The review of the effectiveness of the system of internal control is monitored and informed by:

- The Responsible Financial Officer
- The work of the Independent Internal Auditor
- The External Auditors in their annual letter
- The elected Member with designated responsibility within this area (Cllr. Butland)

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

We are satisfied on all accounts that our arrangements are effective and meet expected standards.

Council approved the Statement of Internal Control on

____________________________________ ___________________
(Chairman) **Date**

_____________________________________ ___________________
(Clerk & Responsible Financial Officer) **Date**