



MARY TAVY PARISH COUNCIL

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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, efficiently 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
- evaluate the likelihood of those risks being realised and the impact should they be realised
- to manage them efficiently, effectively and economically.

The system of internal control has been in place at the council for the financial year ended 31 March 2021 and accords with proper practices as set out in the Governance and Accountability for Smaller Authorities in England guide.

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 ended 31 March 2021, this was Cllr. Anthony Williams.

On 23rd March 2020, an extraordinary meeting of the council was held, called by the chairman, in response to the coronavirus pandemic. At the meeting, it was resolved to approve a scheme of delegation to the Proper Officer which effectively granted the Proper Officer the power to make all decisions critical to the running of the council until further notice, in order to ensure continuity of business whilst the council were unable to meet either in person or remotely. The scheme of delegation required the Proper Officer to consult with each of the nine councillors before making a decision. Also decided at the extraordinary meeting of the council held on 23rd March 2020, a formal delegation arrangement to the HR committee granting the committee the power to make decisions specifically regarding approval for payment of the Proper Officer's salary and expenses until further notice.

Therefore, all decisions made between 1st April and 18th June 2020 were made either by the HR committee (with regards to payment of the clerk's salary and expenses) or the Proper Officer (all other decisions). A register of decisions was maintained during this time, available to view by the local electorate on the parish council's website, which is a formal record of all decisions made during this time. The clerk holds a hard copy of the register of decisions with wet signatures for each decision made; this has been added to the minute book.

Since 18th June 2020, **all** decisions for the remainder of the financial year were made by the full council during remote publicly accessible council meetings permitted by the introduction of the Local Authorities (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

On 14th July 2020, the council resolved not to hold an Annual Meeting of the Council in 2020 (minute reference: page 5) as permitted by the Local Authorities (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

The council reviewed its obligations and objectives and approved a budget for the financial year 2020-2021 at the full council meeting held on 14th January 2020 (minute reference: page 52). This meeting of the full Council also approved the level of precept for the financial year 2020-21 and reviewed and made changes to its earmarked reserves (minute reference: page 52).

The council monitors progress against objectives, financial systems and procedures, and budgetary control and carries out regular reviews of financial matters. The draft 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 calendar month of the meeting taking place.

The council has appointed a named councillor specifically to monitor its internal control system and procedures. Cllr. Butland has been appointed to verify bank reconciliations (for all accounts) produced by the Responsible Financial Officer. For the 2020-2021 financial year, this involved a check of each bank reconciliation produced by the Responsible Financial Officer against original bank statements, followed by a wet signature on each document as evidence of the verification, every three months and at financial year-end; the conclusion of which was reported to and noted by the full council during council meetings.

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 also 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, internal control system and policies are adhered to.

Payments

The clerk provides the council with a bank reconciliation, a statement of receipts and payments to date and a year to date budget monitoring sheet every month by email with the agenda at least three clear days before a full council meeting. The council approve by resolution the bank reconciliation, year to date budget monitoring sheet and payment schedule during their monthly full council meetings. The chairman of the meeting then signs the bank reconciliation, year to date budget sheet and payment schedule as evidence of approval. The signed payment schedule is filed in the minute book with the approved signed 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 following a resolution instructing payment during a council meeting.

With regards to cheque payments, two members of the council, who are authorised 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 Administrator of the bank accounts and is able to submit payment instructions for subsequent authorisation by two councillors who are bank signatories; the clerk has no power to authorise payments. The clerk sends two councillors who are authorised bank signatories an electronic copy of the invoices and grant applications approved for payment by the full council by email to their parish council email accounts; the two councillors are required to check the amount to be debited and the account number and sort code of the beneficiary on the invoice/grant application against the payment instruction for errors prior to submitting an electronic authorisation. The parish council's chosen bank has an online facility that generates a printable sheet which shows the name of the councillor that provided the first and second authorisation and the date and time of the authorisation for each payment made by BACS. The clerk generates, prints and files this transaction sheet for each payment made using BACS in a folder with the original bank statements. 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 made 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, following approval by resolution of the full council, and the subsequent written confirmations of the set-up of direct debit instructions received in the post are checked for accuracy by the clerk, passed to the two bank signatories for a further accuracy check and then initialled by the two bank signatories as proof of the check. The clerk reports to full council, via the agenda and minutes, each time the bank statement shows that a payment by direct debit has been made. The council does not have any standing orders for payment set up.

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 out in the council's Standing Orders and Financial Regulations. The full council oversees all contract procedures.

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 reports risk assessments to the full council for its consideration, approval and action.

Internal Audit

The council appointed Kevin Rose of IAC Audit & Consultancy Ltd as its independent internal auditor for the 2020/21 financial year who has reported to the council on the adequacy of its records, procedures, systems, internal control and risk management. The appointment of an internal auditor is reviewed by the full council annually.

External Audit

The council's appointed external auditor is PKF Littlejohn.

The council will be eligible to certify itself exempt from the requirement for a limited assurance review as its annual turnover for the financial year ended 31st March 2021 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.

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 Clerk to the Council/ Responsible Financial Officer
- The work of the independent internal auditor
- The external auditor through their annual letter
- The appointed council member with designated responsibilities 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 this statement on internal control, prior to consideration of the annual governance statement, on 14th June 2021

Minute reference: page 21

Next review due: June 2022

(Chairman)

Date

(Clerk & Responsible Financial Officer)

Date