

**MODBURY PARISH COUNCIL  
STATEMENT ON INTERNAL CONTROL**

**Reviewed and adopted by Modbury Parish Council 4th May 2021  
Due for review May 2022**

**1. SCOPE**

Modbury Parish 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 as well as being 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 which includes arrangements for the management of risk.

**2. 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

- a) to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- b) to evaluate the likelihood of those risks being realised and the impact should they be realised;
- c) to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts and accords with proper practice as laid down by the Council's Financial Regulations updated in February 2021.

**3. THE COUNCIL'S INTERNAL CONTROLS**

- a) The Council has elected a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council reviews its obligations and objectives and approves budgets for the following year at its December meeting. At the January meeting of the Council the level of precept for the following financial year is approved.

The Council's Finance Committee monitors progress against objectives, financial systems and procedures, budgetary control and carries out regular reviews of financial matters. The clerk does monthly bank reconciliation with entries on the Money Manager accounting system and a nominated member of the finance and human resources committee performs quarterly checks on

the accounts. A list of all payments and receipts for each month will also be provided to the full Council.

The Council carries out regular reviews of its internal controls, systems and procedures.

- b) The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk as the Council's Responsible Financial Officer manages and administers the Council's finances. The Clerk is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks as well as ensuring adherence to the Council's procedures, control systems and policies.
- c) Payments are made by cheque, direct debit, standing order or BACS. All payments are reported to the Council for approval, resolution and minuting. Regular payments are reviewed annually by the Finance Committee, two Members of the Council authorise expenditure by email (replying to the clerk's request for authorisation) and sign cheques, and online payments are raised by the clerk and authorised by 1 Councillor.
- d) The Council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:
  - records
  - procedures
  - systems
  - internal control regulations
  - risk management
  - reviews

The effectiveness of the internal audit is reviewed annually.

- e) The Council's External Auditors, PKF Littlejohn, submits an annual Report of Audit, which is presented to the Council.

#### **4. EFFECTIVENESS**

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

- the Finance Committee
- the full Council
- the Clerk to the Council/Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and the management of risks
- the independent Internal Auditor who reviews the Council's system of internal controls

- the Audit Commission, the Council's External Auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor. The Audit Commission issues an annual Audit Certificate;
- the number of significant issues that are raised during the year.