

## DENHAM PARISH COUNCIL

### INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2023

#### 1. SCOPE OF RESPONSIBILITY

Denham 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, 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 Council:**

The council reviews its obligations and objectives and approves budgets for the following year at its November meeting. The December or January meeting of the council approves the level of precept for the following financial year.

A Councillor is appointed to have responsibility for bank reconciliation checks.

The full council meets four or more times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Parish Clerk.

The council carries out regular reviews of its internal controls, systems and procedures. See attached Report.

##### **Clerk to the Council/Responsible Finance Officer:**

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:**

##### **Instructions for the making of payments**

The council will make safe and efficient arrangements for the making of its payments.

Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.

The primary method of payment shall be bank transfer or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.

### **Bank Transfers**

Orders for payment drawn as transfers on the bank account will be presented to full Council on an accounts payable schedule. An authorised signatory shall check the payments against the invoice and initial the accounts payable schedule and the invoice.

Payments made by bank transfers should be authorised by two authorised signatories of council in accordance with a resolution instructing that payment. The authorisation will be made using the secure on-line Barclays Banking. A member who a bank signatory is, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

Bank transfers shall normally receive approval at a council meeting prior to the transaction taking place. In cases where bank transfers are approved and effected between meetings of the council the details shall be reported to, and approved by, council at the next convenient meeting.

Payment made by bank transfer shall in each case retain evidence showing which members of the Council approved the payment.

Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier i.e. an invoice. Confirmation may be made with the supplier concerned to verify the validity of any change of bank details given to the Council.

The passwords and pin sentry relating to the current account will be kept by the Parish Clerk in a sealed envelope and kept in a container which is locked. If the envelope is opened by an unauthorised person a new password will be obtained immediately and the action taken will be formally reported to the next available meeting of the council. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council.

Transactional back-up copies of the records relating to bank transfers are made on the Cloud storage system One-Drive.

### **Cheques**

Orders for payment drawn as cheques on the bank account will be presented to full Council on an accounts payable schedule. An authorised signatory shall check the payments against the invoice and initial the accounts payable schedule and the invoice.

Cheques shall be signed by two authorised signatories of council in accordance with a resolution instructing that payment. A member who a bank signatory is, having a connection by virtue of family or business rela-

tionships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

To indicate agreement of the details shown on the order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

Cheques or orders for payment shall not normally be presented for signature other than at a council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.

### **Direct Debits**

If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable direct debit shall be renewed by resolution of the council at least every two years.

Orders for payment drawn as direct debits on the bank account will be presented to full Council on an accounts payable schedule. An authorised signatory shall check the payments against the invoice and initial the accounts payable schedule and the invoice.

The balances of all accounts will be checked at each meeting by Council.

Where delegation permits, as per s.101 (1) (a) of the Local Government Act of 1972 and the Council's Financial Regulations, a report will be provided to the next full Council.

### **Income:**

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

### **Risk Assessments/Risk Management:**

The council reviews its risk assessment annually in May, and regularly reviews its systems and controls.

### **Internal Audit:**

The council appoints an independent and competent internal auditor who reports to the council on an annual basis on the adequacy of it's:

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

### **External Audit:**

The council's external auditors, where appropriate, 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.

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Chairman

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RFO/Clerk

Approved and adopted by Denham Parish Council

Meeting date: 26<sup>th</sup> July 2022