**NARBOROUGH PARISH COUNCIL**

**INTERNAL CONTROL STATEMENT**

Adopted 10th May 2021

Reviewed 10th May 2023

**1. Scope**

1.1 Narborough 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, properly accounted for, and used economically, efficiently and effectively.

1.2 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**

2.1 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. This statement can therefore only provide reasonable and not absolute assurance of effectiveness.

2.2 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,
* To manage identified risks efficiently, effectively and economically, through the application of appropriate control measures.

**3. The internal control environment**

**The Council:**

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

3.2 The full council meets on the 1st Monday of each month and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the clerk who is also the Responsible Finance Officer (RFO).

3.3 The council carries out quarterly reviews of its internal controls, systems and procedures at the council meeting and it is recorded in the minutes for the appropriate meeting.

**Clerk to the council / Responsible Finance Officer:**

3.4 The Council has appointed a Clerk to the Council who acts as the Council’s advisor and administrator.

3.5 The Clerk is the Council’s Responsible Financial Officer and is responsible for administering the Council’s finances.

3.6 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.

3.7 The Clerk provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

**Payments**

3.8 All payments are reported to the council for approval. Two members of the council must sign every cheque or order for payment.

3.9 The signatories should consider each cheque against the relevant invoice, sign the invoice and initial the cheque counterfoil.

3.10 All authorised cheque signatories are members of the Council. No officer of the Council can sign cheques.

**Income**

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

**Risk Assessments/Risk Management**

3.12 The council reviews its risk assessment annually and regularly reviews its systems and controls.

**Internal Audit**

3.13 The council appoints an independent internal auditor who reports to the council on a quarterly basis regarding the adequacy of its financial records, and annually on the adequacy of its:

* General records
* Procedures
* Systems
* Internal controls
* Adherence to regulations
* Risk management

**External Audit**

3.14 Smaller councils with an annual turnover not exceeding £25,000 will be exempt from a routine external audit.

3.15 Where a council is exempted from external audit, it must comply with transparency requirements and publish, on its website:

* All items of expenditure above £100
* End of year accounts (annually)
* Annual governance statement (annually)
* Internal audit report (annually)
* A list of councillor or member responsibilities (annually)
* The details of public land and building assets (annually)
* Minutes, agendas and meeting papers of formal meetings (minutes within a month of the meeting and agendas no later than 3 days prior to the meeting date)

3.16 Where a council uses external auditors, they will submit an annual certificate of audit which is presented to the Council.

**4. Review of effectiveness**

4.1 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.

4.2 The results of that review must be considered by the Council, which should also approve the Statement on Internal Control.