



## Statement of Internal Control

### Background

The Accounts and Audit Regulations 2015, as amended, requires that the Council must ensure that it has a sound system of internal control which ensures that the financial management of the council:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives
- Ensures that the financial and operational management of the council is effective
- Includes the effective arrangements for the management of risk.

Local Councils are required to review the effectiveness of the internal control system at least once a year.

### 1. The Town Council

- The Town Council consists of 22 town councillors and meets quarterly to approve all payments, and to receive reports and recommendations from committees.
- The Town Council has appointed a number of committees, with clear terms of reference, which consider aspects of the day to day business of the council, including a Finance and General Purposes Committee which has specific responsibilities for financial matters relating to the operation of the Town Council.
- The Town Council has adopted Standing Orders, Financial Regulations and other policies in accordance with recommended practice and reviews this annually.

### 2. Town Clerk/Responsible Financial 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 the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

### 3. Internal Auditor

- The Town Council has appointed an independent internal auditor who is responsible for reporting to the Town Council on an annual basis.
- The Internal Audit report includes a review of systems and procedures, adherence to regulations, compliance with accounting standards and review of risks and contributes to the Annual Governance Statement and Accounting Return of the Town Council.
- The Finance & General Purposes Committee will review the effectiveness of the Internal Audit process and report this to Full Council annually.
- At least every three years or as frequently as is felt appropriate, the Finance & General Purposes Committee will review the appointment of the Internal Auditor and make recommendations to Full Council.

- The appointment or re-appointment of the internal auditor will be agreed on an annual basis.

#### **4. External Audit**

- In accordance with the Accounts and Audit Regulations, the external auditor for the region is appointed nationally and for the current year is PKF Littlejohn.
- As a Town Council with a turnover in excess of £25,000 for the year, the Town Council is required to submit an Annual Governance and Accounting Return relating to the financial year ending 31<sup>st</sup> March in a prescribed format to external auditors for review, no later than 30<sup>th</sup> June.
- Matters raised by the external auditors must be reviewed by the Town Council each year and the report of the external auditor must be published on the Town Council's website.

#### **5. Exercise of Electors Rights**

- Each year local electors have the right to inspect the accounts and all documents relating to those accounts, including contracts, work orders, reports etc. and to raise any issues thereon with the external auditors during a period of 30 working days which includes the first ten days of July.
- Confirmation of the arrangements for the exercise of electors rights must be published on the Town Council's notice boards and website no later than one day before the start of the specified period.

#### **6. Accounting records**

- All accounting records, cash books, etc. are kept electronically using Rialtas Software system.
- Payments are uploaded to the cash book on a monthly basis and reconciled to the bank statement(s) monthly
- Reports generated by the software system form the basis for reports to the F&GP Committee quarterly

#### **7. Finance & Personnel Committee**

- The Council's Finance & Personnel Committee monitors progress against objectives, financial systems and procedures, budgetary control and carries out regular reviews of financial matters. It makes recommendations to the full Council.

#### **8. Banking**

- Unity Bank plc are the Town Council's approved banking providers
- Signatories to the bank account to be approved annually and must consist of at least four authorised signatories with two out of the four being required to authorise all payments, standing orders, direct debits and other instructions to the bank
- Authorised signatories may view accounts and approve payments only.
- Any staff member with authority to prepare payments may not also approve payments

## **9. Payments**

- Depending upon the nature of the supply, all invoices are checked by the Clerk/RFO to confirm that the goods or services have been received, that the price is correctly quoted, invoices are addressed to the Town Council, VAT is correctly identified and there is a corresponding order, invoice or authority for the purchase/supply.
- All payments are listed on a payment schedule for presentation to the relevant meeting of the Town Council for authorisation. Once approved, the payment schedule is attached and forms part of the Minutes of the relevant meeting. Any payment made between meetings, in accordance with the provisions of the financial regulations, are reported at the next available full council/F&GP Committee meeting.
- Original invoices are retained for inspection, numbered for ease of reference and filed in date order for each financial year.
- Payments are made electronically wherever possible and are uploaded to the bank by the Clerk/RFO at least monthly in accordance with the payment schedule as presented to the meeting.
- All payments, whether electronic or by cheque and including direct debit and standing order payments, are authorised by at least two signatories and records of those authorising are available through the banking records.
- Where payment by direct debit is required by a supplier, payments are reviewed and authorised on an annual basis by Full Council.
- Standing Order payments are used for salary payments only and authorised by full council annually.
- Amendments to payee bank details must be authorised by two cheque signatories in accordance with bank payment systems.

## **10. Receipts**

- Receipts generally consist of the payment of the annual precept, VAT reclaim, and any grant receipts which are paid directly into the Town Council bank account.
- The Clerk/RFO checks each receipt against amounts expected, that they are correctly calculated and received when due.
- Any income received other than directly into the account must be banked within 7 days of receipt.

## **11. VAT**

- Clerk/RFO checks all invoices are addressed to the Town Council and that VAT is correctly calculated and shown separately
- A separate account for VAT paid (and received) is maintained and at least annually a claim made under VAT126 to reclaim VAT on non-business activities, and reported to the Town Council.

## **12. PAYE**

- All staff contracts are prepared by the Chairman and Clerk and agreed by the Town Council, indicating salary scale, whether overtime payments are to be made and matters such as holiday pay, sick pay, etc. etc.
- The Town Council pays a bookkeeper to carry out payroll services including preparing the payslips, preparing PAYE calculations and pension contribution calculations.
- Salaries are paid electronically each month to be received by the employee no later than 22<sup>nd</sup> of each month
- The Clerk provides the employee with their payslip once provided by the bookkeeper.
- An annual reconciliation of PAYE payments is made in March of each year to ensure any under or over payment is addressed before the end of the financial year
- Relevant P60s and other payroll documentation is provided to all staff no later than May each year for the preceding tax year

## **13. Budgets**

- The Finance & General Purposes Committee prepares a budget each year using data from current and previous year expenditure plus plans for activities in the budget year. Work starts in September/October with the aim of presenting the final draft to Full Council for approval in January at the latest.
- Full Council approves the budget for the forthcoming year no later than the January preceding the financial year to which the budget refers
- During the financial year a review of expenditure against budget is carried out quarterly by the Finance & General Purposes Committee and any concerns reported to Full Council at the next available Full Council meeting

## **14. Precept**

- A recommendation on precept for each year is made by the Finance & General Purposes Committee as part of the budget setting process, taking into account planned level of expenditure for the year and the use of any general or earmarked reserves and approved by Full Council no later than January of the year immediately preceding the financial year to which it refers.
- The Clerk/RFO prepares the necessary Precept request for submission to the Unitary Authority in accordance with the required timescales, retaining a copy of the submission within the accounting records
- As payment is received, the Clerk/RFO checks this against expected payment, reporting receipt to Full Council at the next available meeting.

## **15. Purchases**

- Financial Regulations, as agreed by Full Council, set out procedures for obtaining quotations or tenders for contracts for goods and services at specified contract levels
- All tenders and specifications for the supply of goods and services are prepared by the Clerk/RFO in accordance with Financial Regulations and other policies and procedures agreed by the Council
- With the exception of routine administrative expenditure and consumables, all orders for goods and services to be approved by Full Council or the Clerk/RFO in accordance with Financial Regulations and Standing Orders

## **16. Asset Management**

- The Clerk/RFO maintains a full Asset Register which is reviewed annually.
- The existence and condition of assets are checked on an annual basis.
- The adequacy of insurance of the Town Council's assets is considered by the council, annually in advance of the insurance renewal.

## **17. Insurance and Risk Management**

- Adequate levels of insurance to be maintained for all assets and liabilities as recommended by the Town Council's insurance advisors and reviewed annually.
- A review of all risks to be carried out annually by the Finance and General Purposes Committee and approved by the Town Council.
- The Council has a detailed Risk Assessment which is reviewed every year by Full Council.

## **18. Town Council Annual Checks**

The Town Council carries out the following checks annually with 2 councillors doing each check.

- **Internal Control Check**  
The Council will carry out an internal control check at least once each year. The internal control check will be in accordance with the Internal Audit Testing document at Appendix 1 ("Internal Audit Testing"). This document is based on Appendix 9 of Governance and Accountability for Local Councils, A Practitioners Guide (England) 2014.
- **Review of Internal Audit**  
The Council will each year carry out a review of the effectiveness of its overall internal audit arrangements.
- **Risk Management Review**  
The Council carries out a review of the risks highlighted in the Risk Assessment.

## **19. Effectiveness of Internal Control Measures**

Each year the Finance & General Purposes Committee will review the effectiveness of the Internal Control Measures and report to Full Council, making recommendations as appropriate.

Adopted: 18<sup>th</sup> May 2023

Reviewed: 30<sup>th</sup> May 2024

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