



Teignmouth Town Council Statement of Internal Control



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Statement of Internal Control

1 Introduction

Teignmouth Town Council (the Council) is a local authority funded largely by public money and is responsible for ensuring its financial 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.

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.

The Council is required to review at least annually the effectiveness of its system of financial control. This is informed by the work of the internal auditor and the Finance and General Purposes Committee, who have responsibility for the development and maintenance of the internal audit environment, and any comments made by the Councils appointed internal and external auditors in their respective interim and annual reports.

2 The Purpose of the System of Internal Control

The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, priorities and objectives, to evaluate the likelihood of those risks being realised, and the impact should they, in the unlikely event they be realised, and to manage them effectively, efficiently and economically.

The system of internal control accords with the practices set out in the Governance and Accountability in Local Councils: A Practitioners' Guide (2017 edition).

3 The Internal Control Environment

The Council has adopted Financial Regulations which set parameters for the Council's financial operations. The Council has appointed a Town Clerk/Responsible Finance Officer (RFO) who implements financial systems and controls.

The Council currently uses RBS Omega financial management system to process transactions (cashbook, purchase ledger) and monitor performance against budget. RBS Omega financial management system has been specifically written for Town and Parish Councils therefore meeting the needs of the customer.

Budget reviewing and monitoring is reported quarterly to the Councils Finance and General Purposes Committee.

Payroll is administered on behalf of Teignmouth Town Council by Teignbridge District Council.

Banking services are presently provided by Barclays. Due to the level of protection afforded by the government of £85,000, general reserves in excess of £85,000 are to be transferred from Barclays to other banks so as to protect public monies.

An independent internal audit service is provided by Auditing Solutions of Bromham, Wiltshire and the Council's internal monitoring is undertaken by the Finance and General Purposes Committee in conjunction with the Town Clerk/RFO

Any issues raised by the Internal Auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales. Additionally, the Council seeks and receives appropriate property, legal, insurance, and health and safety advice as appropriate to manage risk.

The Council is responsible for:

- Establishing and monitoring the achievements of the authority's objectives
- The facilitation of policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases
- Financial management of the Councils finances, the Town Clerk/RFO providing the Council with up to date reports on financial activities under their direction
- Ensuring performance is regularly monitored against financial and operational budgets
- Control and reports on the financial management of the Council

Key staff are to be trained in all aspects of health and safety, fire and general risk management and appropriate risk assessments are used to regularise these processes.

Through its Standing Orders, Financial Regulations, and delegated authority to the Town Clerk/RFO the Council has put in place controls to ensure that best value and value for money are achieved.

The Finance and General Purposes Committee has delegated responsibility for monitoring effectiveness and is supported in this by regular internal audit inspections on systems, reports from the Town Clerk/RFO and other officers as well as matters raised by external auditors. It receives and considers such reports promptly and agrees appropriate action to address identified weaknesses.

4 Review of Effectiveness

The Council through the Town Clerk/RFO has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

The review of the effectiveness of the system of internal control is monitored by:

- The work of Officers within the Council reporting to the Town Clerk/RFO
- The Town Clerk is the Council's Responsible Finance Officer who acts as the Council's legal advisor and administrator.
- The Town Clerk/RFO is responsible for administering the Council's finances, for advising on compliance with laws and regulations which the Council is subject to, and for managing risks. The Town Clerk/RFO also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Subject to any restrictions imposed by the Council, the Town Clerk/RFO is required to determine:

- a. accounting records including the form of accounts and supporting accounting records
- b. accounting control systems
- c. ensuring that determined systems are adhered to, comply with proper practice and are up to date

The Town Clerk/RFO is required by statute to:

1. ensure that the records are kept in such a way as to enable the financial statements and related notes to be prepared.
2. ensure that entries on a day to day basis record all money received and expended
3. record assets and liabilities of the Council
4. record separately income and expenditure relating to any claim for contribution, grant or subsidy from the government, a body funded by government or a community institution

The system determined by the Town Clerk/RFO is as required by statute:

- i. to record transactions as soon as possible
- ii. to put in place measures for the prevention and detection of inaccuracy and fraud.
- iii. to put into place measures for the reconstitution of data if records

- are lost
- iv. to identify the duties of individual officers and segregation of duties achieved for significant transactions.
- v. to only allow write offs of uncollectible amounts including bad debts with the Town Clerk/RFO evidenced approval and approval of the those elected Members of the Finance and General Purposes Committee
- vi. to ensure that there are appropriate measures to manage risk.

The Finance and General Purposes Committee will meet every two weeks except when there is a Full Council held which is every six weeks. This committee monitors the Councils progress by receiving relevant reports from the other Council committees and progress from Town Clerk/RFO.

Members of the Finance and General Purposes committee monitor progress against priorities and objectives, financial systems, processes and procedures, budgetary control, and carry out regular reviews of financial matters.

A system of internal financial control cannot be expected to completely eliminate the possibility of inaccuracy or fraud. However, this Council has employed a segregation of financial duties wherever possible so as to introduce and promote best practice and to compensate for this weakness all payments are approved in accordance with the Councils Financial Regulations and Governance and Accountability in Local Councils: A Practitioners' Guide (2017 edition).

Minutes of the Finance and General Purposes Committee meetings are approved at the meeting proceeding the meeting held for which the minutes apply. Approved minutes are then recommended for adoption at Full Council which meets no less than 6 times a year.

It is the responsibility of the Town Clerk/RFO to review annually the Councils Governance and Accountability statements and present a report to Full Council for adoption and approval.

As required by statute, the Council has appointed an independent, competent internal auditor (refer to section 3) who specialises in local Council matters and who reports to the Council on the adequacy of its records, procedures, systems, internal control, risk management, Governance and financial accountability.

There are no less than two internal audits a year one of which is a preparatory audit for the external audit. The results of audits are reported by the Town Clerk/RFO to the next scheduled Councils Finance and General Purposes Committee proceeding an audit taking place and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales.

The Council external auditors (PKF Littlejohn LLP) submits an annual Certificate of Audit which is reported to the next Full Council proceeding the audit certificate being issued to the Council.

Any concerns about the effectiveness of the system of internal control are

investigated and action taken as appropriate

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

- ✓ the Council
- ✓ the Town Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk.
- ✓ the independent internal auditor who reviews the Councils system of internal control
- ✓ the Councils external auditor who makes the final check using the annual return, a form completed and signed by the Town Clerk/RFO, the chairman of the Council and internal auditor.

4 Summary

Teignmouth Town Council strives for continuous improvement of the systems, processes and procedures designed for internal control and has addressed and continues to address weaknesses and minor issues raised in accordance with Governance and Accountability in Local Councils.

Signed Chairman of the Council

Date

Signed Town Clerk/RFO

Date