



Saltash Town Council



Policy/Procedure:

Annual Statement on Internal Control 2019/20 DRAFT

Date of Adoption:

This is a Policy or Procedure document of Saltash Town Council to be followed by both Councillors and employees.

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Responsible Officer	Town Clerk/RFO	Minute reference	
Responsible Committee	P&F	Review date	Annual

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ANNUAL STATEMENT ON INTERNAL CONTROL 2019/20

Saltash Town Council is responsible for ensuring that the financial management of the Council is adequate and effective and that the Council has a sound system of internal financial control in accordance with legislation and proper practices for the safeguarding of public funds.

Saltash Town Council is required to review at least annually the effectiveness of its system of financial control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the management of the Council who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors in their annual letter and other reports.

The Council is responsible for:

- Establishing and monitoring the achievement of its objectives.
- The facilitation of policy and decision-making.
- Ensuring compliance with established policies, procedures, laws and regulations.
- The Council has overall responsibility for the management of risk.
- The Council all committees, the Town Clerk and staff all contribute to the identification and management of risk. Any identified weaknesses in this area are addressed and actioned by the Council.

Key staff are trained in 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 the Council has put in place a scheme of delegation, self-audit mechanisms and controls to ensure that best value and financial probity are achieved.
- All committees of the Council receive regular and up to date reports on financial activities under their direction.
- Performance is regularly monitored against financial and operational budgets.

The Policy and Finance Committee has delegated responsibility for monitoring effectiveness by regular internal audit reports on systems, reports from the Town Clerk/ RFO and Finance Officer and matters raised by external auditors and from other retained professional advisers. It receives and considers such reports promptly and agrees appropriate action to address identified weaknesses.

Subject to any restrictions imposed by the Council the Responsible Financial Officer is required to determine:

- accounting records including the form of accounts and supporting accounting records;

- accounting control systems;
- ensuring that determined systems are adhered to, comply with proper practice and are up to date.

The Responsible Financial Officer is required by statute to:

- ensure that the records are kept in such a way as to enable the financial statements and related notes to be prepared;
- ensure that entries on a day by day basis record all money received and expended;
- record the assets and liabilities of the Authority;
- 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 Responsible Financial Officer is as required by statute:

- to record transactions as soon as practicable;
- to put in place measures for the prevention and detection of inaccuracy and fraud;
- to put in place measures for the reconstitution of data if records are lost;
- to identify the duties of individual officers and the segregation of duties achieved for significant transactions;
- to only allow the write off of uncollectible amounts including bad debts with the Responsible Financial Officer's evidenced approval;
- to ensure appropriate measures to manage risk.

A system of internal financial control cannot be expected to completely eliminate the possibility of inaccuracy or fraud. In this Council due to the small number of staff and in common with other small organisations it is not possible to achieve full segregation of duties. However wherever possible division of financial responsibility has been introduced to promote best practice.

To compensate for this weakness all payments are approved, and cheques and other payment methods are checked and signed by two Councillors, the Town Clerk/RFO and FO.

Section 114 of the Local Government Finance Act 1988 requires the Responsible Financial Officer to report to the Full Council, Executive and External Auditor if STC or one of its Officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure;
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss of deficiency to the Authority;
- Is about to make an unlawful entry in the Authority's accounts;
- If the expenditure of the authority is likely to exceed the resources available to it to meet that expenditure.

Section 114 of the 1988 Act also requires:

- The Responsible Financial Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally;
- STC to provide the Responsible Financial Officer with sufficient staff, accommodation and other resources – including legal advice where necessary – to carry out the duties under Section 114.

The Council has a computerised accounting package that records all of the accounting transactions and is used to register unpaid supplier invoices and unpaid customer accounts. This package is used to provide financial information and to inform budgetary control.

As required by statute the Council has in place a system of internal audit carried out by an independent auditor. 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, V.A.T. health and safety and human resources advice to manage risk.