

# Southwold Town Council

## Internal Control Arrangements

### 1. Purpose

- 1.1 The system of internal control is designed to manage risk as far as reasonably practicable rather than totally eliminate all risk of failure to deliver policies, aims and objectives. The systems objectives are to identify the risks to the Council's, to evaluate the likelihood of those risks being realised, the impact they should have if realised, to report to Council and to manage them.
- 1.2 The system adopted by Southwold Town Council accords with "The Governance & Accountability for Local Councils practitioners Guide".

### 2. Scope of Responsibility

- 2.1 Southwold Town Council as a Local Authority is primarily funded by public money and is not only responsible for ensuring that business is conducted in accordance with the law and proper standards but also that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

#### 2.2 The scope of the Internal Audit Work includes:

- Proper book-keeping — receipts and payment books or computer records, regular reconciliation of books and bank statements, supporting invoices and receipts.
- Financial Regulations — Standing Orders and Financial Regulations, tenders, appropriate payment controls including acting within the legal framework with reference to Council minutes, identifying VAT payments and reclamation, cheque books, paying-in books and other relevant documentation.
- Risk Assessment — Appropriate procedures of risk assessment in place for the activities of the Council.
- Budgetary Controls — Verifying the budgetary process with reference to Council and Committee minutes and supporting documentation.
- Income Controls — Precept and other income control mechanisms.
- Petty Cash Not applicable.

- Payroll Controls — PAYE and NI contributions in place where necessary. Compliance with HMRC procedures. Records relating to contracts of employment and HR policies.
- Asset Control — Inspection of asset register and checks on existing assets. Maintenance inspection and valuation by Quantity Surveyor. Cross checking adequate insurance covers and deeds (where applicable).
- Bank Reconciliation — Regularly completed cash books reconciled with bank statements.
- Year-end procedures — Appropriate accounting procedures are used and can be tracked from working papers to final documentation. Annual External Audit.

### **3. The Internal Control Environment**

- 3.1 The Council reviews its obligations and objectives and approves a budget for the coming year normally at the December or January meeting. At the same meeting the Council will set the precept for the coming financial year.
- 3.2 The Council has appointed several Committees:  
Members of the Committees monitor progress against objectives, procedures, and any agreed budget and carry out reviews of financial matters. The Minutes of meetings of the Committees are circulated to all Members of the Council.
- 3.3 The full Council meets twelve times a year. It monitors progress by receiving relevant reports from the Committees and the Clerk.
- 3.4 The Financial Regulations govern the expenditure and regulate the level of spending allowed before coming to full Council for formal approval.

### **4. Clerk to the Council and Responsible Financial Officer**

- 4.1 The Council has appointed the Clerk as the Responsible Financial Officer (RFO) and is responsible for administering the Council's finances. The Clerk provides the advice to help the Council ensure that its procedures, controls and policies are adhered to.

### **5. Payments and Income**

- 5.1 All expenditure must be reported to and authorised by the Council or by Committee in accordance with the Financial Regulations. All items of expenditure are recorded and reported to full Council at its monthly meeting.

5.2 Two members sign all cheques and bank transfers. The signatories are expected to check each cheque against the relevant invoice and initial the cheque stub.

5.3 Two members sign all BACS payments invoices. The signatories are expected to check each Bacs payment against the relevant invoice and initial the invoice accordingly. The Bacs payments will be input by a member of staff, whilst two members who are signatories will separately authorise the transactions for payment.

5.4 Income – all income is received and banked in the councils name in a timely manner.

## **6. Risk Assessments**

6.1 The Council's Risk Assessment is reviewed annually along with the level of Fidelity Guarantee Insurance and other insurance cover.

## **7. Internal Audit**

7.1 The Chair of the Finance & Governance Committee completes Internal Control checks on at least a quarterly basis and reports back on any matters requiring attention.

7.2 The Council has appointed an Independent Internal Auditor who will audit the accounts on an annual basis and report to the Council on the adequacy of its financial records, procedures and systems and any action plans required.

## **8. External Audit**

8.1 The Council's External Auditors submit an annual report which is presented to the Council and action plans agreed.

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