

## **WEM TOWN COUNCIL**

### **STATEMENT ON INTERNAL CONTROLS 2020/21**

#### **SCOPE OF RESPONSIBILITY**

Wem Town Council is a local authority funded largely by the taxpayers of Wem Urban which is responsible for ensuring:

- That its business is conducted in accordance with the law and proper standards.
- That public money is safeguarded and properly accounted for and is 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 PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing 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 them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2019 and up to the date of approval of the annual accounts and accords with proper practice as set out in the Practitioners' Guide - *Governance and Accountability in Local Councils* (2010 Edition).

#### **THE INTERNAL CONTROL ENVIRONMENT**

##### **The Council**

The Council reviews its obligations and objectives and approves a budget for the following year at the budget meeting held in January. The meeting of the Council on 23.1.20 approved the level of precept for the 2020/21 financial year.

The Council has appointed a Finance & Corporate Governance Committee. The Committee has met four times in the year since 1.4.20.

Members of the Committee monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. It also drafts the annual Internal Audit Plan for approval by the Council. The Committee reviews the Council's Standing Orders and Financial Regulations at least annually.

Minutes of the meetings of the Committee and any recommendations are circulated to and approved by the Council.

The full Council meets monthly each year (except August). It considers the monthly budget report and considers relevant reports from the Finance & Corporate Governance Committee and the Town Clerk.

Financial Regulations set out the requirements for the conduct of the Council's financial management. The Council carries out regular reviews of its internal controls, systems and procedures.

The Standing Orders and Financial Regulations were reviewed May 2019. They were not reviewed in 2020 as the annual meeting of the Town Council was not held due to the Coronavirus Pandemic

### **Town Clerk / Responsible Financial Officer**

The Council has appointed a Town Clerk who acts as the Council's advisor and administrator. The Town Clerk is also the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Town 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. The Town Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

### **Payments**

All expenditure must be authorised by the Council and within the budget set by it.

Accounts are paid primarily by BACS with some cheque payments signed either at or after Council meetings. A report is presented to each Councillor at the meeting detailing every account to be paid against the Cheque/BACS No., with a brief description of the payment and amount to be paid. Any payments made in advance of the meeting under delegated authority are reported at the next available meeting.

Internet payments are uploaded to the Unity Trust Banking System and each transaction number noted on the invoice. Councillors do not authorise BACS payments until after the payments have been approved at the monthly full council meeting.

### **Face to Face meetings**

The Clerk takes the account file so that Members can view every invoice received, included with the invoice will be the order and quote for the works if necessary. The Clerk prepares all the cheques for signature at the meeting these are then signed by two account signatories. The amounts on the cheques are checked against the amount shown on the finance meeting paper and invoice. Councillors, if in agreement, will then sign the cheque and initial the cheque stub and appropriate invoice. If the internet payment is to a new supplier the Clerk will supply a copy of the invoice with the bank details highlighted to Councillors who are able to authorise BACS payments so that they can check the supplier bank account number prior to authorisation. Councillors will initial the invoice to show they have done this.

### **Virtual Meetings**

Whilst the Town Council is holding virtual meetings the practice of authorising invoices is a little different, prior to the meeting account signatories will receive a scanned copy of each invoice for payment so the amount on each can be checked against the payments sheet. A scanned screenshot from the accounts for authorisation page of the banking website is also forwarded with the invoices. Councillors are not required to physically sign invoices.

All payments made are included in the minutes for the relevant month and approved by the Council in the usual procedure; payments will include a minute number if appropriate.

No member of staff of the Council can make payments (other than out of petty cash) or sign cheques.

The Mayor checks the monthly bank reconciliation and petty cash reconciliation and signs the bank statements to prove they agree with the reconciliation, this is then reported quarterly to the town Council.

**BUDGET**

In the autumn of each year Members are asked to consider the following Financial Year's budget, projects, schemes, running costs etc.

In January of each year Members agree the budget for the Council and this is duly minuted. A copy of the agreed budget is distributed to all Members and a copy is kept in the Minute File and taken to all Council meetings.

Expenditure is agreed in accordance with the budget remit and is duly recorded and minuted. The Clerk at each monthly meeting produces details showing all expenditure against the budget to ensure that the Council are 'on-track' with spending.

**Contracts**

The Council's Standing Orders and Financial Regulations set out the tender or quotation requirements for contracts of differing amounts.

**Grants to Groups/Organisations**

Requests for grants are considered in February of each year to be paid in the April of each year. In special circumstances the Council will consider the merits of granting a donation to a local group/organisation who request an award at other periods in the year.

**Recording of Accounts – Clerk's Procedure**

For every payment made the Clerk has a file showing the payments made each calendar month. On the file a copy of the bill is kept, plus a copy of the order, delivery note and any receipt for the payment that is received back along with any other quotes received. Receipts are written for all income received from external sources and the receipt number is recorded on the Rialtus accounts system.

All payments and receipts are entered on to a computerised Rialtus system every month.

**Internet Banking**

Following approval for payment (usually after monthly full council), the Clerk will load all invoices for payment via the internet onto the Unity Trust payments page and record each transaction number of the invoice. The Clerk will scan a copy of each invoice and email it to Councillors prior to their authorisation of the accounts so they can double check the bank details against the invoice, a copy of the screenshot from the accounts for authorisation page of the banking website will also be scanned and sent to signatories to enable them to cross reference payments with account numbers. A copy of the screenshot will be held in the accounts file.

**Bank Procedures**

Bank statements for three accounts are received monthly (with the exception of the Developers Reserve Account and the Bulmer Cottage Account which are received quarterly and the Hospitality and Active Saver Account which are received annually). The Clerk completes a bank reconciliation for these accounts every month. As part of the Council's internal audit procedures a nominated Councillor usually the Mayor carries out a check of the bank reconciliation on the Current Account each month.

Receipts are paid into the bank as quickly as possible to maximise the Interest payable.

**VAT**

All VAT paid is entered onto the accounting system. A claim is made every quarter to the Customs and Excise Office for VAT paid in the previous three months and all payments made are directly credited to the Councils Current Account. The Claim shows a brief detail of the payment, VAT claimed and suppliers VAT Registration No. The accumulative total of VAT should balance with the VAT on the Payments Ledger; this provides a double check that the correct VAT is being claimed. The Town Council is now registered for Making Tax Digital.

**Staff Salaries and Travel Expenses**

The details of the agreed Salary are recorded in the appropriate minutes accordingly; a copy is also kept separately in the staffing files. The Clerk is responsible for updating Shropshire Council payroll with any changes to staff hours.

Staff make out a mileage sheet monthly detailing journeys made on behalf of the Council. Mileage is paid at 40p per mile. The Mayor signs the Clerk's mileage claim and the Clerk authorises staff mileage claims.

**Pensions**

Eligible Staff are enrolled in the local government pension scheme.

**Cash Handling**

All cash is kept locked away until it can be banked and is dealt with in line with the Town Council's cash handling procedures (15.12.16). These procedures are due for review in 2021.

**Petty Cash**

All petty cash receipts and payments are recorded in a file prior to being inputted on the Rialtus system.

**Assets**

The Clerk keeps details of all property owned by the Council in an Asset's Register and a review schedule is held by the Council.

**Insurance**

Insurance is renewed and additional Insurance cover is taken to cover individual projects such as events and Schemes as necessary.

**Risk Assessments / Risk Management**

The Town Clerk will report on risk assessment to the Finance & Corporate Governance Committee in accordance with the timetable set out in the Audit Plan.

**Business Continuity and Disaster relief**

Policy adopted November 2015 last reviewed July 2020.

**Reserves Management**

Separate policy adopted 23.2.17, last reviewed July 2020 to be reviewed July 2021.

**Investments**

Investment strategy reviewed and updated annually last reviewed July 2020.

**End of Financial Year Accounts**

As soon as the Bank statements are received, up to and including 31 March transactions, the Clerk finalises the end of year Financial Accounts. A Detailed Financial report is placed before Members for their approval and a copy of the Annual Return, which is sent to the external auditors, is also given to each Council Member.

The completed accounts are presented, at the earliest opportunity after 31<sup>st</sup> March, for approval by the Council, both the Chairman of the Council and the Responsible Financial Officer (The Clerk) signs the Balance sheet and the new Annual Return, this is duly recorded in the relevant minutes.

**Internal Audit**

The Council will appoint an Independent internal auditor who will report to the Council on the adequacy of its records, procedures, systems, internal control and risk management.

**REVIEW OF EFFECTIVENESS**

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. The review is conducted by the Finance & Corporate Governance Committee and must be approved by the Council. The Council will also approve the Statement on Internal Control as part of the Internal Audit Plan.

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(Chairman of the Finance &  
Corporate Governance Committee)

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(Responsible Financial Officer / Town Clerk)

Approved and adopted by Wem Town Council