

WEM TOWN COUNCIL

STATEMENT ON INTERNAL CONTROLS 2019/20

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 it 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 24.1.19 approved the level of precept for the 2019/20 financial year.

The Council has appointed a Finance & Corporate Governance Committee. The Committee has met four times in the year since 1.4.19.

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. 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.

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 at 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 are reported at the next available meeting.

At the meeting 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.

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. If the 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.

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.

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 January 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 quotes. In the same way the Clerk records Receipts received.

All payments and receipts are entered on to a computerised Rialtus system every month after being approved at the meeting.

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. For any new payees The Clerk will scan a copy of the invoice and email to Councillors prior to their authorisation of the accounts so they can double check the bank details against the invoice.

Bank Procedures

Bank statements for three accounts are received monthly (with the exception of the Developers Reserve Account and the Bulmer Cottage and Active Saver Accounts which are received quarterly). 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).

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 and reviewed April 2019 to be reviewed April 2020.

Reserves Management

Separate policy adopted 23.2.17, last reviewed April 2019 to be reviewed April 2020.

Investments

Investment strategy reviewed and updated annually last reviewed April 2019.

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 31st 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.

(Chairman of the Finance &
Corporate Governance Committee)

(Responsible Financial Officer / Town Clerk)

Approved and adopted by Wem Town Council
January 2020