



ST. IVES TOWN COUNCIL

Statement of Internal Control

INTRODUCTION

Scope of Responsibility:

The Accounts and Audit Regulations 2015 impose a duty on a local council to ensure “that the financial management of the body is adequate and effective and that the body has a sound system of internal control”.

St Ives Town Council (the Council) is a local authority funded by public money and is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council’s accountability framework is ‘risk’ based; proportionate to that risk and to the amounts of public money involved and to the stakeholders’ need for assurance.

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority’s policies, aims and objectives and to evaluate and manage those risks accordingly.

This Statement of Internal Control should be read in conjunction with St Ives Town Council’s Standing Orders and Financial Regulations. It provides details of the methodology by which the Council affords itself protection in the day to day operation of its accounting procedures.

The Town Council reviews its Standing Orders, Financial Regulations and Statement of Internal Control regularly to ensure compliance with current legislation and best practice.

The Purpose of The System of Internal Control:

The system of internal control is designed to manage risk at 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 on-going 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, and to manage them efficiently, effectively and economically.

The Internal Control Environment:

The Council:

St Ives Town Council approves its budget and precept request every January following consideration of recommendations presented by the Finance and General Purposes Committee.

The Finance & General Purposes Committee meets five times a year to scrutinise all the Council’s financial matters and monitors the Council’s actual progress against its income and expenditure budget as well as its accounts for approval and carry out regular reviews of all

financial matters. The minutes of the meetings of the Committee are circulated to all members of the Council and are a matter of public record.

The Council also carries out regular views of its internal controls, systems and procedures as detailed in the Statement of Internal Controls below. The full Council meets a minimum of nine times each year and monitors progress against its aims and objectives at each meeting by receiving minutes, recommendations and reports from the Finance & General Purposes Committee, Staffing Committee, Community & Environment Committee and Planning Committee.

Clerk/Responsible Financial Officer:

The Council has appointed an interim Clerk to the Council who acts as the Council's advisor and administrator. The Council has also appointed a Responsible Financial Officer, who is responsible for administering the Council's finances.¹ The Interim 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 Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

1. Internal and External Audit (Financial Regulation 2)

- 1.1. The Council appoints an Internal Auditor in accordance with its Financial Regulations and is responsible for ensuring that the person appointed meets the competency and independence requirements. For the financial years 2019/20, this is David Gallie.
- 1.2. The External Auditor is independently appointed and is currently PKF Littlejohn LLP. The External Auditor examines the Annual Governance and Accountability Return (AGAR) and any other documents specifically requested.

2. Budgets (Financial Regulations 3 and 4)

- 2.1. The Council approves an annual budget each December/January which subsequently forms the basis of financial control for the ensuing year.
- 3.2. The Council's Responsible Financial Officer (RFO) presents regular budget monitoring reports to each meeting of the Finance and General Purposes Committee and Council highlighting any areas of concern or significant variances.
- 2.2. The monthly budget figures are made available to Members of the Council and the public in advance of the meeting.

¹ In January 2020 the Council introduced interim arrangements during the recruitment of a new Town Clerk. The Deputy Town Clerk is the acting Town Clerk and a Responsible Financial Officer has also been appointed who is responsible for administering on financial matters. These arrangements will be reviewed and this statement reviewed following the appointment of a permanent town clerk.

- 2.3. Expenditure which exceeds the amount provided in the revenue budgets requires the approval of full Council or the Finance and General Purposes Committee as appropriate, which must fully consider the implications in doing so.

3. Orders and Procurement (Financial Regulation 17)

- 3.1. No orders for goods or services are placed without the consent of the RFO who will authorise the order in accordance with Financial Regulation 17.5.
- 3.2. In placing an order, officers are required to identify the budget and must comply with Financial Regulation 4.1, which sets out the authority to spend, and to ensure best value.
- 3.3. Purchase orders/official letters shall be retained for the requisite period (currently six years) with the annual accounts and supporting papers. The purchase order number should be quoted on the invoice.

4. Authorising Payments (Financial Regulation 4/5/6)

- 4.1. Invoices for payment are stamped on receipt and presented to the relevant manager who authorises payment after checking the details against the purchase order and delivery note where provided. The invoice is passed to the Finance Officer to be checked for arithmetical accuracy and that VAT when charged has been correctly calculated. The RFO prepares a cheque or arranges for automated payment which is presented for authorisation by two Councillors mandated to do so by the Council.
- 4.2. All payments are made within the due date as specified on the invoice to avoid late payment fees or interest.
- 4.3. The RFO prepares a schedule of such payments for ratification by Council for each meeting.
- 4.4. The payment limits, as prescribed by the Financial Regulations, are applied as part of the authorisation process.

5. Salaries (Financial Regulation 14)

- 5.1. The payment of salaries are made only with the approval of the RFO acting in accordance with Financial Regulations in relation to PAYE and National Insurance legislation and in accordance with Cornwall Council Superannuation Fund requirements. Payments to HMRC and to Cornwall Council's Pension Fund are made by the due date (currently the 19th of the succeeding month for HMRC). The RFO provides a summary of payments to be made identifying the salary to be paid electronically in accordance with Financial Regulation 11.
- 5.2. Officers are employed on National Joint Council Conditions of Service and the outcome of any negotiations between the employer's and employees' representatives are reported to Council as part of the budgetary process in December or by no later than January each year and are approved as part of the budget and the resolution confirming the precept.

- 5.3. Where the employers and employees representatives have not reached agreement, the Council may include an estimate as is deemed necessary to protect its position.
- 5.4. Incremental increases which form part of the employees' contracts are included in the salary calculations presented to Council as part of the budgetary process. Any other ad hoc changes must be approved by the Council or a duly delegated Committee.

6. Income (Financial Regulation 16)

- 6.1. Invoices for services provided by the Council (e.g. weddings, room hire etc) are prepared by the invoice issuing officers (Finance Officer, Deputy Town Clerk and Town Clerk) in accordance with the scale of fees determined by the Council. The fees are reviewed and approved annually.
- 6.2. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 6.3. Any unpaid debts which are unlikely to be recovered are reported to the next meeting of the Council to be written off in the year.
- 6.4. An exempt VAT de minimis calculation should be undertaken at least annually.
- 6.5. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the managing Trustees of the charity meeting separately from any council meeting.

7. Bank Reconciliations (Financial Regulation 2)

- 7.1. As part of the ensuring robust financial records are maintained, the RFO ensures the monthly reconciliation between the accounts of the Council and the bank statements and petty cash balances.
- 7.2. The bank statements, having been reconciled by the Finance Officer, are presented to a Councillor (other than the Town Mayor or a cheque signatory) at least quarterly to confirm the reconciliation as correct. The bank statement and reconciliation will be signed as verification of the process.
- 7.3. The bank reconciliations are reported to the Finance and General Purposes Committee.

8. Accounting Books and Reports to Council (Financial Regulations 4 and 5)

- 8.1. The RFO ensures that all payments made and income received are entered into the accounts system using RBS Omega at least on a weekly basis, or exceptionally, after two weeks to allow for public and personal holidays. This ensures an up-to-date financial position is known to aid informed decision making and enables the production of monthly reports and reconciliations.

8.2. The RFO produces a financial report detailing payments made, budget position and bank and cash reconciliations to the Finance and General Purposes Committees for the latest month-end, for each cycle of meetings.

9. Risk Management (Financial Regulation 24)

9.1. The Town Clerk prepares risk management policy statements for approval by the Council which are reviewed annually and the Council's Financial Regulations and Statement of Internal Control are reviewed as part of this process.

10. Insurance and Register of Assets (Financial Regulations 21 and 22)

10.1. The Clerk maintains an accurate Register of Assets for the purposes of effecting insurance, which will be reviewed annually to all ensure all risks identified therein.