Wirksworth Town Council

Internal Controls Policy

Adopted 21/09/15
Minute FBP038/15 & C073/15

Revised 16/03/26 | Minute C25/120

This policy will be reviewed annually
at the Annual Town Council Meeting

Policy Statement

Wirksworth Town Council are responsible for ensuring that its public business is conducted within the law and proper standards and that public money is used efficiently, economically and effectively.

In order to achieve this, the Council acknowledges that they are 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 (appendix 3).

Purpose of Internal Control

The Council's system of internal control is designed to ensure that their activities are carried out properly and as intended. They are set up by the Town Clerk, however it falls upon Council members to ensure that they have a degree of control and that the effectiveness of the system is reviewed at least annually. It provides reasonable but not absolute assurance of effectiveness.

Current advice regarding these controls is set out in 'Governance and Accountability in Local Councils: A Practitioners' Guide' extracts of which can be found elsewhere in this document.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

Internal Control environment

The Council

The Council has appointed a Chairperson who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chairperson signs the last page of the minutes and initials all other pages. Full Council meets approximately 11 times a year.

The Council migrated to Scribe from 1st April 2019 for it accounts and uses Sage software to run its payroll. Banking services are provided by Lloyds Bank, Unity Trust and Hinckley and Rugby Building Society. The council has used DALC Internal Audit service since 2023. The Council monitors transactions and procedures by way of its Finance, Buildings & Personnel Committee. The External Audit is currently undertaken by PKF-Littlejohn.

The Town Clerk, on behalf of the Council, carries out regular risk assessments in respect of actions and regularly reviews its systems and controls.

Payments are made in accordance with Standing Orders and Financial Regulations and are paid by the following methods:

- cheque requiring two signatures.
- Direct Debit/Standing Order
- Electronic Payment (Bacs/Faster Payment)
- Debit Card / Charge Card (held by Town Clerk)

All payments are listed monthly and are agreed at meetings of the Full Council.

Council Committees

The Council operate a committee structure, using working parties to investigate specific issues.

There are currently two committees, each meeting approximately 11 times per year. Each Committee has appointed a Chairperson who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chairperson signs the last page of the minutes, initialling all other pages.

The Council's Finance, Buildings & Personnel Committee regularly monitors budgets and financial systems and reports directly to the Council as it has no delegated powers.

The Finance, Buildings & Personnel Committee approves a monthly financial report, which tracks monthly expenditure against the budget.

The budget is recommended by the Committee for ratification by Full Council, usually in December, following a review of the Council's objectives and obligations. From this, the precept is set.

On a quarterly basis, the Chairperson ensures that the cash book totals are reconciled to the bank statement and initials documents to evidence the check.

Council's system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically.

Staff

The Council has appointed a Town Clerk who acts as the Council's advisor and administrator (the Proper Officer). The Clerk also acts as the Responsible Financial Officer to maintain and oversee the Council's financial affairs. In addition, there are office staff and caretakers; all staff are part-time and have contracts and job descriptions.

Internal Audit

An independent internal auditor is appointed and carries out such checks as are needed to satisfy themselves that the internal controls are adequate and working - as recommended by the Smaller Authorities Proper Practices Panel (SAPPP)

The effectiveness of the internal audit is reviewed annually, and the Council agrees to the appointment of the internal auditor (appendix 1).

The report and any recommendations of the internal auditor are presented to Council, and agreed actions are monitored to ensure that these have been actioned within the agreed timescale.

The Council seeks and receives appropriate property, legal, insurance and health and safety advice to manage risk.

External Audit

The Council's External Auditors, currently PKF-Littlejohn, submit an annual Certificate of Audit, which is presented to the Council.

Review of Effectiveness

The Council has responsibility for conducting an annual review*of the effectiveness of the system of internal control (appendix 2) and a review of risks (appendix 3) which is informed by:

- The Full Council
- The Finance, Buildings and Personnel Committee
- The Town Clerk and Responsible Financial Officer
- The independent Internal Auditor
- The External Auditor
- Any significant issues that are raised during the year

This review is normally undertaken at the Annual Town Council meeting as part of a wider review of policies, internal and external audit. The review process may also be undertaken as deemed necessary by council at other times of the year.

APPENDIX 1

Independence of Internal Audit

INDEPENDENCE		COMPETENCE		RELATIONSHIPS		REPORTING	
Internal Audit has direct access to those charged with governance?	Yes	Understanding of basic accounting processes?	Yes	All responsible officers (the Clerk and RFO) are consulted on the internal audit plan?	Yes	The annual audit plan properly takes account of all the risks facing the council?	Yes
Reports are made in own name to management?	Yes	Understanding of the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management?	Yes	Respective responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters (job descriptions and engagements letters)	Yes	The annual audit plan has been approved by the Council?	Yes
Internal Audit does not have any other role within the Council?	No other role	Awareness of risk management issues?	Yes	The Responsibilities of Council members are understood; training of members is carried out as necessary	Yes	Internal audit has reported in accordance with plan?	Yes
		Understanding of accounting requirements and the legal framework and powers of local councils?	Yes				

APPENDIX 2

Effectiveness of Internal Audit

	EVIDENCE	
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the council's needs.	Yes
Understanding the whole organisation its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement	Yes
Be seen as a catalyst for change	Internal audit supports the council's work in delivering improved services to the community	Yes
Add value and assist the organisation in achieving its objectives	The council makes positive responses to internal audit's recommendations and follow up with action where this is called for	Yes
Be forward looking	In formulating the annual audit plan, national agenda changes are considered.	Yes
	Internal audit maintains awareness of new developments in the council's services, risk management and corporate governance arrangements.	Yes
Be challenging	Internal audit focuses on the risks facing the council	Yes
	Internal audit encourages managers/members to develop their own responses to risks, rather than relying solely on audit recommendations.	Yes
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work. Internal audit understands the council and the legal and corporate framework in which it operates.	Yes

APPENDIX 3

MANAGEMENT OF RISKS

<table>
<tr><th>RISK</th><th colspan="3">CONTROL</th></tr>
<tr><td></td><td>INSURANCE</td><td>WORKING WITH OTHERS</td><td>SELF MANAGEMENT</td></tr>
<tr><td>Protection of physical assets</td><td>☑</td><td rowspan="12">Internal Audit testing (independent and in-house) Internal Audit testing (independent and in-house)</td><td rowspan="12">Assets register
Regular maintenance arrangements
Annual review of risk and adequacy of cover
Ensure robustness of insurance providers
Standing orders and financial regulations
Regular reporting
Annual Review of Contracts
Clear management statements
Regular scrutiny of performance against targets
Adoption of and adherence to codes of practice for procurements and investment
Arrangements to deter and detect fraud and/or corruption
Regular bank reconciliation, independently reviewed</td></tr>
<tr><td>Damage to third party property or individuals as a consequence of the provision of services or amenities</td><td>☑</td></tr>
<tr><td>Loss of income or the need to provide essential services following critical damage, loss or non- performance by a third party</td><td>☑</td></tr>
<tr><td>Loss of cash through theft or dishonesty</td><td>☑</td></tr>
<tr><td>Legal liability as a consequence of asset ownership</td><td>☑</td></tr>
<tr><td>Security of vulnerable buildings, amenities or equipment</td><td>☑</td></tr>
<tr><td>Maintenance for vulnerable buildings, amenities or equipment</td><td>☑</td></tr>
<tr><td>Provision of services carried out under partnership agreements</td><td>☑</td></tr>
<tr><td>Banking arrangements, borrowing or lending</td><td>☑</td></tr>
<tr><td>Provision of amenities / facilities for events to local community groups</td><td>☑</td></tr>
<tr><td>Vehicle or equipment lease or hire</td><td>☑</td></tr>
<tr><td>Professional services</td><td>☑</td></tr>
</table>

MANAGEMENT OF RISKS (continued)

<table>
<tr><th>SELF MANAGEMENT OF RISK</th><th>Internal Audit</th></tr>
<tr><td>Regular scrutiny of financial records and proper arrangements for the approval of expenditure</td><td rowspan="13">Review of internal controls in place and their documentation
Review of minutes to ensure legal powers in place, recorded and correctly applied
Testing of income and expenditure from minutes to cashbook, from bank statements to cashbook, from made or received minutes to statements etc. including petty cash transactions
Review and testing of arrangements to prevent and detect fraud and corruption
Testing of disclosures
Testing of specific internal controls and reporting findings to management</td></tr>
<tr><td>Recording in the minutes the precise powers under which expenditure is being approved</td></tr>
<tr><td>Regular returns to HM Revenue and Customs; contracts of employment for all staff, annually reviewed by the Council, systems of updating records for any changes in relevant legislation</td></tr>
<tr><td>Regular returns of VAT; training the responsible officer in matters of VAT and other taxation issues as necessary</td></tr>
<tr><td>Regular budget monitoring statements</td></tr>
<tr><td>Developing systems of performance measurement</td></tr>
<tr><td>Procedures for dealing with an monitoring grants or loans</td></tr>
<tr><td>Minutes properly numbered and paginated with a master copy kept in safekeeping</td></tr>
<tr><td>Documented procedures to deal with enquiries from the public</td></tr>
<tr><td>Documented procedures to deal with responses to consultation requests</td></tr>
<tr><td>Documented procedures for document receipt, circulation, response handling and filing</td></tr>
<tr><td>Procedures in place for recording and monitoring Members’ interests and Gifts and Hospitality received</td></tr>
<tr><td>Adoption of codes of conduct for members and employees</td></tr>
</table>