

ALCESTER TOWN COUNCIL

Statement of Internal Control

1. SCOPE OF RESPONSIBILITY

Alcester Town Council (like all parish and town councils) forms the first tier of local government and is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, Alcester Town Council (the Council) is 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.

2. 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, and to manage them efficiently, effectively and economically.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council:

The Council appoints a Mayor to act as Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

The Council appoints a Finance and General Purposes Committee (which is called Presidium) who meet every month. Members of Presidium include the Mayor, the Deputy Mayor, the immediate Past Mayor and the Chairmen of the three standing committees. Responsibility is delegated to Presidium to monitor progress against objectives, financial systems and procedures, budgetary control and regular reviews of financial matters.

Presidium also receives budget requests from the three committees which are considered as part of the Precept Planning process to set the level of precept for the coming year. The minutes of the meetings of Presidium are reported to the Council.

The Council reviews its obligations and objectives and approves budgets for the following year at its December meeting. At a January meeting the Council approves the level of precept for the following financial year. The Full Council meets twelve times each year. It monitors progress by receiving relevant reports from Presidium

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and the Town Clerk. The Council carries out regular reviews of its internal controls, systems and procedures.

The Council uses RBS Rialtas Omega accounting software to ensure that accurate accounts are produced.

Clerk to the Council / Responsible Financial Officer:

The Council appoints the Town Clerk to the Council who acts as the Council's advisor and administrator.

The Town Clerk is appointed as 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 Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Payments:

All BACS and cheque payments are reported to the Council for approval. Two Members of the Council and the Clerk must authorise every cheque and BACS transfer. During the Covid-19 crisis, authorisation of BACS payments is by email.

Bank Reconciliation:

A bank reconciliation statement is prepared each month and reported to Presidium. The bank reconciliation statement is presented to Full Council on a quarterly basis.

A Councillor (who is not a cheque signatory) is appointed each year to check the quarterly bank reconciliation statement with the original bank statements.

Risk Assessments / Risk Management:

A Risk Assessment has been drawn up and approved at Full Council. It is reviewed annually by Presidium and reported to Full Council.

Inspections of property and equipment are regularly made to support this risk assessment.

The Parish Council's insurance cover is reviewed annually.

Internal Audit:

The Council has appointed an independent Internal Auditor who reports to the Council on the adequacy of its:

- Records
- procedures
- systems
- internal control
- regulations
- risk management
- reviews

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The effectiveness of the internal audit is reviewed annually by Presidium and its findings are reported to the Council.

During the Covid-19 crisis, the internal audit will be carried out remotely.

External Audit:

PKF Littlejohn carry out the External Audit by means of the Annual Return.

The report from the External Auditor is presented to the Full Council.

Any issues raised are reported to Full Council and appropriate action agreed.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of:

- the Full Council;
- the Presidium Committee;
- the Town Clerk / Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks;
- the independent Internal Auditor who reviews the Council's system of internal control;
- the External Auditor
- the number of significant issues that are raised during the year.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

Significant internal control issues that arise during the year and concern the management of risks are brought to the attention of Presidium in the first instance and then reported to Full Council.

The Council strives for the continuous improvement of the system it has adopted for internal control and will address all the issues and weaknesses raised and reported during the review process.

Vanessa Lowe
Town Clerk and Responsible Financial Officer
Alcester Town Council
29th April 2020

Approved at Full Council on 5th May 2019