

IMMINGHAM TOWN COUNCIL



INTERNAL CONTROL POLICY

Approved July 2023

Review Date July 2024

PART 1

Introduction

Immingham Town Council is responsible for ensuring that its business is conducted ethically and in accordance with the law, and that public funds are safeguarded, properly accounted for, and used economically, efficiently and effectively in the public interest.

The Council's Standing Orders (including Financial Regulations and Committee Terms of Reference) set parameters for the Council's operations.

In discharging this overall responsibility, the Council, through the Responsible Finance Officer, ensures that there is a sound system of internal control which allows for 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

Internal controls have four primary purposes:

- to protect the Council's assets
- to ensure records are accurate
- to promote operational efficiency
- to encourage adherence to policies and procedures

The Internal Control Environment

The Council has established internal control systems as follows:

- Division of Duties
- Council Policies including Standing Orders and Financial Regulations
- Budget Setting and Monitoring
- Independent Internal Auditor
- External Audit
- Annual Return
- Register of Assets
- Insurance Policy
- Risk Management
- Protection of data

Review of Effectiveness

The Council has responsibility for conducting a review of this Policy, including procedural effectiveness and will periodically review this Policy and:

- Internal Audit
- Risk Register
- Budget Monitoring
- Insurance
- Assets Register
- Standing Orders
- Financial Regulations
- Delegated Powers

PART 2

Internal Control Environment

1. Division of Duties

Whenever possible, a division of duties is adopted by the Council. For example, cash and cheques are receipted in Reception, banked by the Admin Officer, input onto Finance System by the Admin Officer, with budget monitoring by the Clerk reporting to Council.

2. Standing Orders

These are agreed by the Council and include Financial Regulations and committee Terms of Reference. Standing Orders are reviewed annually and amendments presented to Full Council for approval.

3. Budget Setting and Monitoring

The Annual Budget is approved by Council in January each year following detailed scrutiny by Council from November onward.

The Clerk produces a Budget Monitoring Statement quarterly from the Finance System which is considered by Council.

4. Independent Auditor

It is imperative that the appointed Internal Auditor is totally independent of the Council i.e. does not carry out any other function for the Council.

Reports by the Internal Auditor are considered by the Council.

5. External Audit

The External Auditor is independently appointed and is currently conducted by PFK Littlejohn LLP. The external Auditor examines the Annual Return and other documents specifically requested.

6. Annual Governance & Accountability Return (AGAR)

The AGAR is completed by the Clerk each year and presented to Council. The Full Council must approve the Accounting Statements and Annual Governance Statement by resolution, and signed by the Chair of the meeting, prior to it being forwarded to the External Auditor.

7. Register of Assets

The Admin Officer maintains a Register of Assets and ensures that major assets are periodically valued to ensure adequate insurance is held.

8. Insurance Policy

An insurance policy is purchased each year and includes cover for assets, Public Liability, Employer's Liability and Fidelity Guarantee.

9. Risk Management

The Council reviews the Council's General Risk Assessment annually. Other more specific risk assessments are reviewed by the Clerk periodically.

10. Protection of Data

Under the Data Protection Act 2018 and General Data Protection Regulations (May 2018), the Council is registered with the Information Commissioner's Office and the Clerk is the designated Data Controller.

Individual computers are password protected and all data is regularly backed-up.

PART 3

Day to Day Procedures

Cash Handling

Cash is paid into the Reception and receipted by reception staff. The cash is then held in the safe. The cash is banked at regular intervals. The Admin Officer inputs data in to the Finance System accounts system from the receipt books. The Clerk monitors the receipts against budgeted targets and reports to Council.

Insurance cover is held for cash on the premises.

Purchasing and Creditor Payments Expenditure is authorised in accordance with the delegated powers.

A purchase order is raised with a unique reference number.

Creditor invoices are checked and coded by the Admin Officer and payments are input to the Finance System. The Schedule of Payments is authorised by the Council. The Admin Officer actions the internet payments and arranges for cheques to be signed. Payments are checked by the Clerk and a member before approval.

Invoicing

The Admin Officer raises invoices mainly for room hire. Copy invoices are filed. Bad debts are pursued by the Clerk. Long- outstanding invoices are reported to the Council.

Signatories

The Council nominates a number signatories for each bank account, any two of which can sign cheques and direct debit mandates.

Bank Card

The Clerk has a credit card, for mainly online purchases within budget responsibility, and receipts are are monitored through the usual way by the Admin Officer.

Fuel Card

The Council has a fuel card for the ease of purchasing fuel. This is kept in the office and given out by either the Clerk or Admin. Officer as required.

Business Accounts

The Council has a number of "Trade Accounts" with suppliers, purchases are made using a purchase order and paid on receipt of an invoice.

Bank Reconciliation

The individual bank reconciliations and consolidated bank reconciliation are completed by the Admin. Officer. These are monitored by the Town Clerk and included in the Finance agenda item at Town Council.

Budget Monitoring

Budget Monitoring Statements are produced by the Town Clerk and presented to the Council.

Assets Register & Insurance

The Assets Register is updated throughout the year by the Admin. Officer. An Asset Check is conducted annually to ensure items are present and to confirm their condition.

Comprehensive insurance cover is provided by Zurich Municipal.

The Insurance Schedule is reconciled with the Assets Register annually.

Computer Security

All PCs are password protected.

Data is backed-up on two alternating hard-drives. Once a week a further back-up is made on a hard- drive which is stored away from the Civic building.

Staffing Records and Confidentiality

Hard copy confidential records are retained in a locked cabinet.

Electronic confidential reports and records are stored on a PRIVATE area on the server and only accessible to the Town Clerk and Admin. Officer.

Confidential reports are printed and never sent electronically. Such reports are printed on pink paper and collected in by the clerk at the conclusion of the meeting for shredding by the Town Clerk or Admin. Officer.

Review of Internal Controls

The Council review the effectiveness of internal controls annually.

Independent Internal Audit & External Audit

Every 2 years the P&S Committee appoints an Independent Internal Auditor. The current Auditor, Richard Dixon conducts an Interim Audit in October/November prior to the main audit in April.

The Annual Return and other requested documentation are examined by the External Auditor – currently PFK Littlejohn LLP.

Statutory Notices

Statutory Notices are displayed on the Council's noticeboard and website in a timely manner.