



## **Portishead Town Council**

### **Internal Control Policy**

#### **1. Scope of Responsibility**

Portishead Town Council (the Council) 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, 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 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; reducing it 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 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

#### **3. The Internal Control Environment**

##### **3.1 The Council**

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations and objectives and budgets at the level of precept required for the following year at its December or January Meeting. The Council monitors progress against its aims and objectives at its meetings by receiving relevant reports from the Town Clerk. The Council regularly reviews its internal controls, systems and procedures.

##### **3.2 The Clerk/Responsible Financial Officer**

The Council has appointed a Clerk and a Responsible Finance Officer (RFO). The Clerk of the Council acts as the Council's advisor and administrator. The Responsible Financial Officer is responsible for administering the Council's finances. The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

### **3.3 Payments - all payments are approved by Council.**

Two member signatories are required to sign every cheque, one of which may be the Chairman or Vice Chairman. All electronic and direct debit payments (including debit card transactions) are subject to approval by two members (normally the Town Council Chair and Chair of Staff and Finance committee) which maybe by means of the email approval of a periodic schedule of payments.

### **3.4 Risk Assessments/Risk Management**

The Council carries out regular risk assessments in respect of its activities and regularly reviews its system and controls.

### **3.5 Internal Audit**

The Council has appointed an independent, competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The effectiveness of internal audit is reviewed annually

### **3.6 External Audit**

The Council's external auditors submit an annual Certificate of Audit which is presented to the Council.

## **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 Council
- The Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk
- The independent internal auditor who reviews the Council's systems of internal control
- The Council's external auditor who makes the final check using the annual return, a form completed and signed by the Clerk/RFO, the chairman and internal auditor Portishead Town Council

## **5. Significant Internal Control Issues**

The Council strives for the continuous improvement of the system it has designed for internal control and has addressed all of the minor issues and weaknesses raised and reported during the review process

## STATEMENT OF INTERNAL CONTROL

<p>CASH BOOK/BANK RECONCILIATIONS</p>	<p>The cash book is kept electronically on an accounting package (Omega) and kept up to date from original documents – receipts, invoices and bank statements. The cash book is reconciled to the bank statement each month and a bank reconciliation is approved at each Town Council meeting. The bank statements are checked against the bank reconciliation by a member that are not signatories at least twice a year (normally by the Chair of the Staffing and Finance committee).</p> <p>The bank reconciliation shall include all bank accounts (current, savings, deposit and other accounts) held by the council and shall show movements of balances on all accounts.</p>
<p>FINANCIAL REGULATIONS</p>	<p>The Town Council has adopted Financial Regulations based on the NALC model. The regulations are reviewed for continued relevance and amended where necessary via approval by the Town Council.</p>
<p>ORDER/TENDER CONTROL</p>	<p>Financial Regulations refer for procedures relating to tenders.</p>
<p>LEGAL POWER</p>	<p>A proper legal power is identified for each expenditure.</p>
<p>PAYMENT CONTROLS</p>	<p>All orders or purchases over £100 shall be accompanied by a purchase order number. Each purchase order shall be approved in accordance with the levels of delegated authority set out in the Financial Regulations.</p> <p>Two members are required to sign every cheque, one of which may be the Chairman or Vice Chairman. All electronic and direct debit payments (including debit card payments) are subject to approval by two councillors (normally the Town Council Chair and Chair of Staff and Finance committee) which maybe by means of the email approval of a periodic schedule of payments.</p> <p>All payments are reported to the Council for approval via a monthly schedule of payments and receipts that is reconciled to closing bank account balances.</p>

	The RFO always maintains control of the cheque book and debit card which are kept in a secure place.
VAT RECLAIMS	The RFO ensures that all invoices are addressed to the Town Council. The RFO maintains a VAT account and ensures that the correct amount of VAT is reclaimed in the year and in the required time frames.
INCOME CONTROLS	All income is received and banked in the Council's name in a timely manner and reported to the Council. The Town Clerk ensures that the amount of precept received is correct in accordance with the precept request sent to North Somerset Council and ensures that the precept instalments are received when due.
FINANCIAL REPORTING	A budget control, comparing actual receipts and payments to the budget is prepared and presented to the Staffing & Finance Committee Quarterly.
BUDGETARY CONTROLS	The budget is prepared in consultation with the full Council at the December meeting and the level of precept is approved by the full Council at the December or January meeting each year. The Precept request is submitted by the deadline dictated by North Somerset District Council.
PAYROLL CONTROLS	<p>All employees are paid under PAYE as an employee of the Council and the necessary system for making payments to HMRC is in place. The RFO ensures that the necessary pension returns are made to Avon Pension or other funds and retains evidence that this has been done.</p> <p>The payroll including amounts payable to HMRC and pension funds are approved in advance of payment by the Chair of the Staffing and Finance committee.</p> <p>In April each year the Annual Gross pay, Employers National Insurance and Employers Pension contributions are checked against Employees remuneration as per their contracted terms and conditions.</p>
RISK ASSESSMENT	Risk Assessment for the Town Council is presented annually to the Town Council for review and approval.
ASSET CONTROL	The Clerk maintains full asset register. The existence and conditions of assets is checked on annual basis by the Town Council. The adequacy of insurance of the Town Council's assets is considered annually in advance of the insurance renewal. The insurance schedule is checked annually before being renewed.

INTERNAL AUDIT	The Council annually appoints an independent internal auditor who provides a full report to the Council. The internal auditor will have planned and carried out the work necessary to give the assurances called for in Section 4 of the Local Councils Annual Return. The Town Council reviews the scope of work offered by the internal auditor
EXTERNAL AUDIT	The Council submits an annual return to the external auditor in a timely manner.
POLICY AND DECISION MAKING	The facilitation of policy and decision-making is through the establishment of policy committees and the full Council. Committees function within approved Terms of Reference that are reviewed annually. Meetings are open to the public except where personal or confidential matters are being discussed in accordance with the relevant legislation.

**Approved by Town Council on XXXX**