



**Needham Market Town Council**

# Statement of Internal Controls

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## **Town Council Policy Document**

### **Purpose**

The Town Council is a local authority funded largely by public money 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, the Town Council is also responsible for ensuring that there is a sound system of internal control that facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

### **Scope of the Policy**

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.

### **The Internal Control Environment**

#### **The Council:**

- The Council reviews its obligations and objectives and approves a budget for the following year at its December or January meeting. The Meeting of the Council in January approved the level of precept for the following financial year.
- The Council has an appointed Responsible Financial Officer reporting to the Meeting of the Council.
- The RFO/Clerk have delegated powers to incur expenditure on urgent health and safety matters, as well as on other matters to be ratified at the following Council meeting (in line with Standing Orders and Financial Regulations).
- Items of a regular monthly nature, which are approved at the May meeting, may be processed before the Council meeting for ratification at the full Council meeting.
- Payment under these circumstances is limited to the approved list of regular payments.
- All expenditure is to be approved by full Council/ratified at the full council meeting. The Council carries out regular reviews of its internal controls, systems and procedures.



### **Town Clerk / Responsible Financial Officer:**

- Needham Market Town Council has an appointed Clerk, as well as a Responsible Financial Officer. The Clerk acts as the Council's advisor and administrator, responsible for advising on the day-to-day compliance with the laws and regulations that the Council is subject to, and for managing risks. The Clerk is also responsible for discharging the Council's decisions, maintaining official records, preparing and completing agendas and minutes, responding to enquiries, and preparing reports on a variety of matters for consideration by the Council, as well as staff and asset management. The Responsible Financial Officer is responsible for administering the Council's finances and provides advice to help the Council ensure that its financial procedures, control systems and policies are adhered to.

### **Payments:**

- All expenditure must be authorised by the Council or by a committee having delegated authority or (as set out above) by the Clerk/RFO after consultation with the Chair. The Clerk is authorised to approve spending of up to £1000.00 without prior consultation. All items of expenditure must be recorded on an official List of Payments submitted to the Council. The list of payments is to be circulated to all Council Members prior to the full Council Meeting.
- Two members of the Council must sign every cheque or order for payment. The signatories check each cheque against the relevant invoice (which has already been checked by the Clerk/RFO), sign the invoice and initial the cheque counterfoil. All authorised cheque signatories are members of the Council. No member of staff or Councillors can singularly make payments or sign cheques.

### **Controls:**

- A full monthly bank reconciliation is carried out and the bank balances are noted.
- All receipts and payments are reported to the Council via the accounts for payment report and the Minutes.
- All income received to be banked/checked within 14 days of receipt where possible.

### **Contracts:**

- The Council has adopted a Procurement Policy within its Standing Orders which sets out the tender or quotation requirements for contracts of differing amounts. Contracts are to be reviewed annually unless on a rolling basis.

**Asset Register:**

- The Clerk / RFO to update as and when necessary.
- To be approved annually.

**Risk Assessments / Risk Management:**

- The Clerk/RFO will report on risk assessment to the full Council Meeting as and when necessary. The Council's insurance cover will be reviewed annually, and the level of Fidelity Guarantee Insurance raised if necessary to the recommended level
- Please note that fundraising activities/successful funding applications should be considered as they may increase the amount of funds held at any given point.

**Internal Audit:**

- The Council has appointed an Independent Internal auditor, SALC, who will report to the Council on the adequacy of its records, procedures, systems, internal control and risk management.

**External Audit:**

- The Council's external auditors, PK Littlejohn, submit an annual Certificate of Completion 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, which should include a review of the effectiveness of the internal audit. The results of that review must be considered by the Council and the Council must also approve the Statement on Internal Control.

**Recommendations made by the Internal Auditor to be always observed to ensure compliance.**

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**Approval**

**Approved by:** Governance and Finance Committee

**Date of Approval:** 3<sup>rd</sup> December 2024

**To be reviewed:** December 2025

**Policy Number:** NMTC/013