



STATEMENT OF INTERNAL CONTROLS

JANUARY 2017

REVIEW DATE JANUARY 2018

Whitehill Town Council is a local authority funded largely by public money and is responsible for ensuring its financial business is conducted in accordance with the law and proper standards, that public money is safeguarded, 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 which includes arrangements for the management of risk.

The Purpose of these Internal Controls is to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness.

The system of internal control accords with the practices set out in the Governance and Accountability in Local Councils: A Practitioners' Guide (2011 edition) and the Council is required to review at least annually the effectiveness of its system of financial control.

The Council acknowledges that, wherever possible, separation of duties is key to managing risk and follows the following procedures and working practices:

Responsibility:

1. The Town Clerk is the Responsible Financial Officer (a statutory role) and responsible for administering the Council's financial affairs in accordance with all Acts, Regulations and proper practices including updating the asset register in the financial software according to any changes.
2. The Policy & Resources Committee is responsible for overseeing the Council's financial affairs and procedures and monitoring the Council's budget, unless where otherwise stated that the Council is not empowered to delegate, including:
 - Financial management reports to compare spend against budget
 - Bank balances and ear marked reserves
 - All payments for approval
3. An external organisation administers the book keeping;
4. An external organisation administers the payroll to calculate salaries, tax and pensions.

Orders and Purchases:

5. An order for work or purchase must be ordered in writing.
6. Purchase orders (for over £250) are raised and are matched up with invoices.

Payments:

7. Invoices are stamped in with details of when received and who ordered the work. It is approved and coded by the Town Clerk and a date entered when it has been logged onto the financial software. Income is paid into the bank and the payment slip is coded by the Town Clerk and logged onto the financial software.
8. Payments are either arranged by cheques or by BACS transfer depending on the total cost and whether the payee accepts BACS transfers. There is a financial limit on BACS transfers of £15,000 on any one day and a maximum of £5,000 on any one transaction.



9. There are 4 Cllr signatories that are authorised to sign cheques and 5 authorised signatories that can sign BACS transfer forms. Any two Cllrs are required to sign. The cheques/BACS transfer forms are routinely signed at Council meetings or meeting of Cllrs (unless there is any emergency situation). Cllrs signing cheques/BACS transfer forms are given full information and relate to the supporting documentation. It is reminded to Cllrs that they should not sign cheques or BACS transfer forms that have not been correctly completed and until the payee and the amount are absolutely clear with supporting documentation. Cllrs are required to initial the cheques and initial the stubs and approval forms for any BACS transfers and sign each invoice.
10. Utility bills are paid by Direct Debit.
11. The payments presented to The Policy & Resources Committee) are all in cheque/BACS transfers number/date order. Approved payment schedules are appended to the minutes of the meetings.
12. Bank reconciliations are completed monthly with each one being reviewed and signed, including the bank statements, by Cllrs on a rotating basis.
13. Petty cash is at £150 and limited use is made of this and reconciled periodically depending on use.

Salaries:

14. An external organisation administers the payroll to calculate salaries, tax and Pensions and the information is used to pay salaries/HMRC and HCC pensions via bank transfers.
15. The payroll provider submits the Real Time Information to HMRC and provides evidence to the Council that this has been submitted. In addition the Town Council has a direct on-line access to HMRC to periodically check the submissions.
16. The bank transfer payments and salary payments, once signed by authorised signatories are paid on line by an officer of the Council but not the Town Clerk to maintain the separation of roles to reduce the risks.
17. The Staffing Sub Committee (as long as it is within budgetary limits) approves and minutes any changes in staffing payments, other than pay increases which are agreed nationally.
18. The monthly timesheet and mileage claim form of the Town Clerk are authorised by the Leader of the Council, the rest of the staff are approved by either the Town Clerk or Deputy Town Clerk.

Investments:

19. All investment transactions require two signatures and are required to be signed by at least one Officer and one Councillor.

Assessing Financial Risk:

20. A financial risk assessment is completed annually.