



WHITEHILL
TOWN COUNCIL
Serving Whitehill & Bordon

STATEMENT OF INTERNAL CONTROLS

1. SCOPE AND RESPONSIBILITY

Whitehill Town 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.

2. INTERNAL CONTROL FRAMEWORK

Internal Control means the systems in place to maintain good financial governance. The Responsible Financial Officer (RFO) has legal responsibility to ensure that proper internal controls are set up and maintained. These controls ensure that all income due is received; all expenses are properly authorised; books are maintained including regular bank reconciliations; income and expenditure are in accordance with budgets. The full requirements are set out within the Accounts and Audit Regulations 2014 and explained within Governance and Accountability for Local Councils, the Practitioner's Guide March 2019.

The internal controls are set up and maintained through the security of the bank account and through the Town Council's finance system. The Town Clerk has changed the Council's bank account which complied with JPAG – 1.15.4: Authorities need to approve the setting up of, and any changes to, accounts with banks or other financial institutions. Authorities also need to approve any decisions to enter into 'pooling' or 'sweep' arrangements whereby the bank periodically aggregates the authority's various balances via automatic transfers.

3. METHODS OF INTERNAL CONTROL

a. INTERNAL AUDIT

The Town Council commissions the services of an Independent Internal Auditor. Their written report is presented and considered by Council as part of their complete review of internal controls twice a year. This takes place in May, once the year end accounts have been closed and before the Annual Return (statutory document) has been completed and September or October to conduct a half year review and provide a report to the Council of findings and recommendations of best practice.

b. FIXED ASSETS AND EQUIPMENT

The authority's assets are secured, properly maintained and efficiently managed. Appropriate procedures are followed for any asset disposal and for the use of any resulting capital receipt by logging it onto the Finance system under the asset register where this is included within the insurance policy.

c. BUDGETING

The authority prepares an approved budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year. It is monitored actual performance against its budget during the year, taking corrective action where necessary. A financial appraisal is undertaken before the authority commences any significant projects or enters into any long-term commitments.

d. PROCEDURES

The bank accounts are reconciled and the RFO & Finance Officer provide the accounting records and supporting documents to the Executive Committee once a month to review, to include:

- Financial management reports to compare spend against budget
- Bank balances and ear marked reserves
- All payments made and income received during the month
- Bank reconciliation
- Investments

e. INVESTMENTS

Arrangements in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements are invested appropriately, in accordance with an approved strategy which needs to have regard to MHCLG's statutory Guidance on local government investments. If total investments are to exceed the threshold specified in MHCLG's statutory guidance at any time during a financial year, an authority will produce and approve an annual Investment Strategy in accordance with the MHCLG guidance.

f. PAYMENTS

Supplier Invoices are stamped with details of when received and who ordered the work. It is approved by the Town Clerk or Deputy Town Clerk and coded by the Finance Officer and a date entered when it has been logged onto the financial software.

Supplier Invoice Payments are paid by BACS transfer on a weekly basis by the Finance Officer. 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. Utility bills are paid by Direct Debit.

There are 4 Councillor signatories that are authorised to sign cheques and 5 authorised to signatories that can sign the BACS transfer forms. Any two Councillors are required to sign. The cheques/BACS transfer forms are signed at a Council meeting when presented to the council (unless there is an emergency or unforeseen situation i.e. COVID and we are working remotely and holding remote meetings and then these will be checked and signed electronically. For avoidance of any doubt, no payment will be made from a Council bank account before 2 Cllr signatories have approved that payment and reviewed the backup documentation.

The Town Clerk may authorise revenue expenditure on behalf of the council which in the Town Clerk's judgement it is necessary to carry out up to the value of £500.00 for such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, and the Leader of the Council can authorise up to £1,000.00. The Town Clerk shall report to the Council as soon as practicable thereafter for authorisation for a value exceeding these amounts and the following procedure stated in the Standing Orders and Financial Regulations shall be abided by.

All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, by obtaining three or more quotations or estimates from appropriate suppliers.

g. EMPLOYMENT

The remuneration payable to all employees needs are approved in advance by the authority. In addition to having robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities, the authority needs to ensure that it has complied with its duties under employment legislation and has met its pension obligations:

- An external organisation administers the Payroll to calculate Salaries, Tax and Pensions and the information is used to pay salaries on a monthly basis via a bank transfer. The Finance Officer sends the K2780 Pension information to HCC Pension Services on a monthly basis.
- The payroll provider submits the Real Time Information to HMRC. In addition, the Finance Officer has a direct on-line access to HMRC to periodically check the submissions.
- Any changes in Salaries are authorised by Councillors at the Exec Meetings, other than pay increases which are agreed Local Government Services pay agreement.
- The mileage claim form of the Town Clerk is authorised by the Leader of the Council, the rest of the staff are approved by either the Town Clerk or Deputy Town Clerk.

Where Council is referred to in this document the Executive Committee may fulfil the functions of Council where it has delegated authority.