



FORDINGBRIDGE TOWN COUNCIL

INTERNAL CONTROLS POLICY

February 2023

Reviewed 28th February 2024 (F&P)

The Internal Controls Policy was reviewed and approved by the Council at its meeting held on 28th February 2024.

1. SCOPE OF RESPONSIBILITY

1.1 Fordingbridge Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for; and used economically, efficiently and effectively.

1.2 Regulation 3 of the Accounts and Audit (England) Regulations 2015, imposes a duty on local councils to ensure “that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk”.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

2.1 The system of internal control is designed to ensure that the Council’s activities are carried out properly and as intended. Internal controls are set up by the Clerk and Responsible Financial Officer (RFO) but the Council members must ensure that they have an understanding of those controls and are responsible for checking that they are operated effectively.

3. RESPONSIBILITY FOR THE INTERNAL CONTROL ENVIRONMENT

3.1 The Council

3.1.1 The Council as a corporate body is responsible under statute for certain decisions which cannot be delegated; setting of the precept and approval of the Annual Return & Governance Statement. It may delegate responsibility for dealing with the consideration and approval of all other financial matters to the Finance Committee and officers, subject to the approval of delegation arrangements.

3.1.2 The Council will make and keep under review Financial Regulations and may include within its Standing Orders particular provisions relating to contracts. The Council’s System of Internal Control is ancillary to and underpins the Financial Regulations and Standing Orders.

3.1.3 The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful with the advice of the Town Clerk. Neither the Chairman nor any individual councillor may make decisions on behalf of the Council.

3.1.4 The Council is required to appoint an independent Internal Auditor. An annual work programme for the Internal Auditor will be agreed with the Council, and the Internal Auditor will provide a certificate to be submitted with the Annual Return as part of the annual external audit. Reports from the Internal Auditor shall be presented to the Finance Committee.

3.1.5 The Chair shall sign each page of the minutes once approved at the Council meetings.

3.1.6 Decisions are made in accordance with the Standing Orders and Financial Regulations approved by the Council.

3.1.7 The Finance & Policy Committee is made up of all 12 Councillors including the Chair. The Committee meets monthly to undertake all financial and other miscellaneous matters on behalf of the Council in accordance with its terms of reference.

3.1.8 The Council approves a budget for the following year by early January each year which also approves the level of precept for the following financial year (to meet deadlines set by New Forest District Council).

3.1.9 The Finance Committee shall receive a budget report at each meeting alongside a financial summary and a report on bank reconciliation.

3.2 Officers

3.2.1 The Council has appointed a Town Clerk who as Proper Officer 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 maintained.

3.2.2 The duties of the Clerk and RFO are laid down in their Job Descriptions which is reviewed from time to time by the Council or a nominated committee.

3.2.3 The RFO shall check and authorise payments prior to their presentation for signature in accordance with the approved financial procedures. In the absence of the RFO the Clerk will undertake this role.

3.2.4 The RFO submits all the requested information to the internal and external auditor by the required date.

3.2.5 The Clerk or RFO arrange for public notices to be displayed.

3.2.6 The Clerk and RFO retain all relevant documents relating to finances in accordance with best practice and the council's Document Retention Policy (Annual Return, VAT Returns, PAYE/NIC information, Public notices, Fixed Asset register, Risk assessments, accounts and supporting information).

3.3 Internal Auditor

3.3.1 The Council will appoint a suitably qualified and experienced Independent Internal Auditor who will report to the Council in accordance with the scope of internal audit sufficient to provide an adequate level of assurance for the Council to complete assertions 2 and 6 in its Annual Governance Statement.

3.3.2 The effectiveness of the internal audit shall be reviewed annually, and the council agrees the appointment of the Internal Auditor.

3.3.3 The scope of the work of the Internal Auditor is reviewed annually, the review and the appointment are minuted.

3.3.4 The reports of the Internal Auditor are considered at the following Finance & Policy Committee meeting.

3.4 External Audit

3.4.1 The Council's External Auditors are appointed in accordance with the current statutory accounting and audit framework.

3.4.2 The Council shall display public notices of the exercise of electors' rights and conclusion of audit as required by regulation.

4. FINANCIAL AND ACCOUNTING PROCEDURES

4.1 Signatories

4.1.1 Two signatories (in line with the banking mandate and financial regulations) must sign all cheques, the signatories also initial the cheque stubs. The signatories ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice. The invoice is initialled by the Chair of the Finance & Policy meeting (or Deputy).

4.1.2 Internet banking payments are authorised by two signatories (in line with the banking mandate and financial regulations). The signatories ensure that the payment agrees with the amount of the invoice and the payee named on the invoice. The invoice is initialled by the Chair of the Finance & Policy meeting (or Deputy).

4.2 Invoicing

4.2.1 Invoices shall be rendered on the basis of the scale of fees and charges effective at the time. The Town Council will review these annually before the start of the next financial year.

4.2.2 All invoices shall bear reference to payment terms of not more than 30 days.

4.3 Cash and Cheque Handling/Security

4.3.1 The RFO will receive all income. Payment by bank transfer is preferred but any cash and cheques received shall be kept safely in a locked place and shall be periodically banked (at least monthly).

4.3.2 All income shall be reported to the Council.

4.4 Salaries and other Staff Payments

4.4.1 Salaries and other staff payments shall be made by no later than the 25th day of each month (online). The RFO is responsible for preparing the schedule of payments using Sage Payroll. Overtime payments for additional duties beyond the core duties of staff shall be made on the basis of monthly timesheets, endorsed by the Clerk.

4.4.2 Mileage and any other expenses shall be reimbursed in accordance with rates approved by the Council from time to time.

4.4.3 Appropriate returns will be made to HMRC and Hampshire Pension Fund each month.

4.4.4 Upon the production of appropriate receipts, out of pocket expenses for small day to day items appropriate to the duties of the Town Council shall be reimbursed to staff members.

4.5 Budgetary Control

4.5.1 The RFO will ensure that all accounts certified for payment are endorsed within the correct budgetary centre

4.5.2 The RFO shall every month reconcile statements of the Town Council's accounts taken from the information contained in the cash book with copies of the relevant bank statements.

4.5.3 The Council shall receive on a monthly basis an expenditure against budget report (with the exception of December each year where no Finance & Policy meeting is scheduled).

4.5.4 The Council shall receive a monthly report on bank reconciliation.

4.5.5 The Finance & Policy Committee will meet in November for the purposes of budgetary control review and the preparation of budget for presentation to the December General Council meeting. At that meeting, the Town Council will approve such estimates, and determine its budget requirement and consequent precept for the next financial year. This may be revised in January once the District Council have confirmed the number of properties within the town (Band D).

4.6 Procurement

4.6.1 Financial Regulations provide a framework and set procedures for dealing with contracts of certain values. Working beneath that framework, provision needs to be made for the day to day operational work of the Town Council to be administered, and to that end the Clerk is authorised to issue orders for office and other supplies to support the Town Council's administration and day to day operation within agreed budgets.

4.6.2 The Clerk may incur expenditure on behalf of the Council which is necessary for the purposes of any repair, replacement or other work of an urgent nature, whether or not budgetary provision exists for such expenditure, up to a limit of £500. The Clerk shall report the action to Council or the appropriate Committee at the next available meeting.

5. ASSET MANAGEMENT

5.1 The Council's Asset Register and any associated current Management Plans are to be reviewed on an annual basis by the Finance & Policy Committee.

6 RISK MANAGEMENT

6.1 The Council's base Risk Assessment of its land, property, and activities, together with any associated current Management Plans are to be reviewed on an annual basis by the Finance & Policy Committee.

7 REVIEW OF EFFECTIVENESS

7.1 The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. This role will be initiated by the Finance & Policy Committee and incorporated within the annual work programme of the Council's Internal Auditor. The findings of the annual review shall be reported to and considered by the Council