



BIDDULPH TOWN COUNCIL

Statement of Internal Control

Review as to the effectiveness of the system of internal controls

Scope and Responsibility

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

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council's accountability framework is 'risk' based; proportionate to that risk and to the amounts of public money involved and to the stakeholders' need for assurance.

Purpose of the System of Internal Control

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority's policies, aims and objectives; and to evaluate and manage those risks accordingly.

Review of Effectiveness

An internal control review is to be undertaken by Councilor Dave Hawley and/ or Councilor Chris Perkin, who report directly to Council; the roles are approved annually at the Annual Meeting of the Town Council (most recently 4 May 2021).

The Financial Regulations state that:

The council is responsible in law for ensuring that its financial management is adequate and effective, and that the council has a sound system of



internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

The dedicated Internal Control Councillors commit to completing an internal control visit on a quarterly basis to enable Councillors to provide feedback on potential risks and to provide a robust assessment of systems and documents in place.

Highlighted Risks

The following areas have been highlighted by Biddulph Town Council as risks that should be interrogated at the defined intervals.

Area of Risk	Schedule	Committee Meeting and Date of Minutes	Notes:
None raised			

Areas Assessed

Question	Answer	Recommendation for Action (if required)	Notes:
Proper Book-keeping			
• Is the cashbook maintained and up to date?	Yes		



• Is the cashbook arithmetically correct?	Yes		
• Is the cashbook regularly balanced?	Yes		
Standing orders/ financial regulations adopted and applied. Payments controls	Answer	Recommendation for Action (if required)	Notes:
• Has the council formally adopted standing orders and financial regulations?	Yes		
• Has a Responsible Financial Officer been appointed with specific duties?	Yes		
• Are items or services competitively purchased?	Yes		
• Has VAT on payments been identified, recorded and reclaimed?	Not Examined.		
Risk management arrangements	Answer	Recommendation for Action (if required)	Notes:
• Are payments authorised by Council?	Yes	The date to be on the 'approved minutes' in invoice folders.	Jan 21 no minutes showing approvals in council meeting. To be added to folder.



• Do minutes record the Council carrying out an annual risk assessment?	Yes		
• Is insurance cover appropriate and adequate?	Yes		
• Are internal financial controls documented and regularly reviewed?	Yes		
Budgetary controls	Answer	Recommendation for Action (if required)	Notes:
• Has the Council prepared an annual budget in support of it precept?	Yes		
• Is actual expenditure against the budget regularly reported to the Council?	Yes		
• Are there any significant unexplained variances from budget?	No	All variances have been accounted for, agreed and minuted in finance committee.	
Income controls	Answer	Recommendation for Action (if required)	Notes:
• Is income properly recorded and promptly banked?	Yes		
• Does the precept recorded agree to the Council Tax authority's notification?	Yes		
• Are security controls	Yes		



relating to cash adequate and effective?			
Petty cash procedures	Answer	Recommendation for Action (if required)	Notes:
• Is all petty cash spent, recorded and supported by VAT invoices/receipts?	Not Examined.		
• Is petty cash expenditure reported to each Council meeting?	Yes		
• Is petty cash reimbursement carried out regularly?	Yes		
Payroll controls	Answer	Recommendation for Action (if required)	Notes:
• Do all employees have contracts of employment with clear terms and conditions?	Yes		
• Do salaries paid agree with those approved by the Council?	Yes	Recommend salary payments to be made directly into bank accounts.	This recommendation is made as using checks can result in late payment of wages to staff.
• Are other payments to employees reasonable and approved by the Council?	Yes		
• Have PAYE/NIC been properly operated by the Council as an employer?	Yes		



Asset controls	Answer	Recommendation for Action (if required)	Notes:
• Does the council maintain a register of all material assets owned or in its care?	Yes		
• Are the asset and investment registers up to date?	Being updated	We recommend the value of investments to be included on finance reconciliation reports.	
• Do asset insurance valuations agree with those in the asset register?	Ongoing with update of register		
Bank reconciliation	Answer	Recommendation for Action (if required)	Notes:
• Is there bank reconciliation for each account?	Yes	Payment Cheque number to written, on minutes of approval meeting, next to every line item.	
• Is bank reconciliation carried out regularly and in a timely fashion?	Yes		
• Are there any unexplained balancing entries in any reconciliation?	No		
• Is the value of investments held summarised on the	No	Recommend this be included on Finance Committee	



reconciliation?		Reconciliation Report.	
Has the bank reconciliation statement for each account been checked and verified by a Cllr, in accordance with financial regulations.	Not regularly	Monitoring Cllrs to reconcile quarterly.	
Year-end procedures	Answer	Recommendation for Action (if required)	Notes:
• Are year end accounts prepared on the correct accounting basis (Receipts and Payments / Income and Expenditure)?	Not Examined		
• Do accounts agree with the cashbook?	Yes		
• Is there an audit trail from underlying financial records to the accounts?	Yes		

General comments: No irregularities were encountered and no red flags were raised across two sessions. First session held 20th April 2021. We randomly examined multiple lines of expenditure and income from throughout the year with no irregularities.

We asked for extra explanation added to 2020-21 business rates payments. Re: Timeline. Cheque numbers are to be noted against invoice. It is recognized that this was needed due to government correspondence about business rate payments during the COVID pandemic. This information was immediately added.



Direct Debit approval process. We recommend that at the start of the budgetary year all direct debits are listed and presented to the financial committee. These are then presented monthly to give Council oversight.

End of year closedown. We recommend that the Chief Officer should examine if it would be beneficial for officers to be trained to complete EOY close off or is it better completed by an outside provider.

As part of the above recommendation to pay staff directly into their bank accounts, we recommend that the Chief Officer examine online banking options.

Continue the task of process documentation. We note the importance of continuing the writing of the “How To” documentation, and completing updates in line with business continuity planning. For example, the inclusion of front desk, caretaker duties and new appointed job roles.

Date of Review: 27th April 2021

Date of next review: August 2021

Review conducted by Councillor Chris Perkin and Councillor Dave Hawley:

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