



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 Councillor Dave Hawley and/ or Councillor 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?	Not all.	Credit card payments for July and November have not been presented to council for approval.	These should be approved in the September and January meeting.
• Do minutes record the Council carrying out an annual risk assessment?	Yes		<i>Business continuity Plan currently being reviewed.</i>
• Is insurance cover appropriate and adequate?	Not examined		
• Are internal financial controls documented and regularly reviewed?	Not Examined		
Budgetary controls	Answer	Recommendation for Action (if required)	Notes:
• Has the Council prepared an annual budget in support of the precept?	Yes		
• Is actual expenditure against the budget regularly reported to the Council?	Yes		documented in there minutes of the meetings
• Are there any significant unexplained variances from budget?	Not Examined		
Income controls	Answer	Recommendation for Action (if required)	Notes:
• Is income properly recorded and promptly banked?	Not Examined		
• Does the precept recorded agree to the Council Tax authority's notification?	Not examined		
• Are security controls relating to cash adequate and effective?	Yes		Minimal Cash held on site.



Petty cash procedures	Answer	Recommendation for Action (if required)	Notes:
• Is all petty cash spent, recorded and supported by VAT invoices/receipts?	Yes		
• 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?	Not examined		
• Do salaries paid agree with those approved by the Council?	Not Examined		
• Are other payments to employees reasonable and approved by the Council?	Not Examined		
• Have PAYE/NIC been properly operated by the Council as an employer?	Not Examined		
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?	Yes		Value of investments is included on finance reconciliation reports as per previous recommendations.
• Do asset insurance valuations agree with those in the asset register?	Not examined		



Bank reconciliation	Answer	Recommendation for Action (if required)	Notes:
• Is there bank reconciliation for each account?	Yes		
• 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 reconciliation?	Yes		
Has the bank reconciliation statement for each account been checked and verified by a Cllr, in accordance with financial regulations.	Yes		Now reconciled 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?	Not Examined		
• Is there an audit trail from underlying financial records to the accounts?	Yes	Minutes supporting each month's expenditure to be filed alongside each month's invoices to allow ease of audit.	



General comments and recommendations:

Examined multiple lines of expenditure and income for November, December and January with no concerns to raise.

Examined credit card payments and noted that July and November expenditure had not been brought to council for approval, therefore did not appear in minutes of the September and January Town Council. To eliminate the possibility of this oversight we recommend that the Credit Card reconciliation paperwork is separated into its own folder. This folder should be partitioned by month and contain the minimum of for each month: Credit Card provider statement; invoices; minutes highlighting the authorised payments.

The above mentioned credit card expenditure is to be presented to the April 2022 Full Town Council Meeting for approval.

Date of Review: 23rd March 2022

Date of next review: June 2022

Review conducted by Councillors Dave Hawley & Chris Perkin:

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