



## **BIDDULPH TOWN COUNCIL**

### **Statement of Internal Control**

#### **Review as to the effectiveness of the system of internal controls**

##### **Scope and Responsibility**

Biddulph Town 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 review is to be undertaken by Councillors Dave Hawley and/ or Councilor Chris Perkin (approved at the Annual Meeting of the Town Council on 16 June 2020) which report directly to Town Council. The Town Council must review its system of internal control at least annually (as set out in the Financial Regulations); combined there must be at least four checks carried out annually, with additional Councillor scrutiny provided through the presentation of bank reconciliations and accounts for payment information on a monthly basis.

In addition, it is the responsibility of the above to review the 'Highlighted Risks' as specified below.

##### **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:

### Highlighted Risks

Question	Answer	Recommendation for Action (if required)	Notes:
<b>Proper Book-keeping</b>			
• Is the cashbook maintained and up to date?			
• Is the cashbook arithmetically correct?			
• Is the cashbook regularly balanced?			
<b>Standing orders/ financial regulations adopted and applied. Payments controls</b>			
• Has the council formally adopted standing orders and financial			



regulations?			
• Has a Responsible Financial Officer been appointed with specific duties?			
• Are items or services competitively purchased?			
• Has VAT on payments been identified, recorded and reclaimed?			
<b>Risk management arrangements</b>			
• Are payments authorised by Council?			
• Do minutes record the Council carrying out an annual risk assessment?			
• Is insurance cover appropriate and adequate?			
• Are internal financial controls documented and regularly reviewed?			
<b>Budgetary controls</b>			
• Has the Council prepared an annual budget in support of it precept?			
• Is actual expenditure			



against the budget regularly reported to the Council?			
<ul style="list-style-type: none"> <li>• Are there any significant unexplained variances from budget?</li> </ul>			
<b>Income controls</b>			
<ul style="list-style-type: none"> <li>• Is income properly recorded and promptly banked?</li> </ul>			
<ul style="list-style-type: none"> <li>• Does the precept recorded agree to the Council Tax authority's notification?</li> </ul>			
<ul style="list-style-type: none"> <li>• Are security controls relating to cash adequate and effective?</li> </ul>			
<b>Petty cash procedures</b>			
<ul style="list-style-type: none"> <li>• Is all petty cash spent, recorded and supported by VAT invoices/receipts?</li> </ul>			
<ul style="list-style-type: none"> <li>• Is petty cash expenditure reported to each Council meeting?</li> </ul>			
<ul style="list-style-type: none"> <li>• Is petty cash reimbursement carried out regularly?</li> </ul>			
<b>Payroll controls</b>			



• Do all employees have contracts of employment with clear terms and conditions?			
• Do salaries paid agree with those approved by the Council?			
• Are other payments to employees reasonable and approved by the Council?			
• Have PAYE/NIC been properly operated by the Council as an employer?			
<b>Asset controls</b>			
• Does the council maintain a register of all material assets owned or in its care?			
• Are the asset and investment registers up to date?			
• Do asset insurance valuations agree with those in the asset register?			
<b>Bank reconciliation</b>			
• Is there bank reconciliation for			



each account?			
<ul style="list-style-type: none"> <li>• Is bank reconciliation carried out regularly and in a timely fashion?</li> </ul>			
<ul style="list-style-type: none"> <li>• Are there any unexplained balancing entries in any reconciliation?</li> </ul>			
<ul style="list-style-type: none"> <li>• Is the value of investments held summarised on the reconciliation?</li> </ul>			
Has the bank reconciliation statement for each account been checked and verified by a Cllr, in accordance with financial regulations.			
<b>Year-end procedures</b>			
<ul style="list-style-type: none"> <li>• Are year end accounts prepared on the correct accounting basis (Receipts and Payments / Income and Expenditure)?</li> </ul>			
<ul style="list-style-type: none"> <li>• Do accounts agree with the cashbook?</li> </ul>			
<ul style="list-style-type: none"> <li>• Is there an audit trail from underlying financial records to the accounts?</li> </ul>			



General comments:

Date of Review: .....

Date of next review: .....

Review conducted by Councilor(s):

Print Name .....

Signature .....

Print Name .....

Signature .....