



# Statement of Internal Control

## Statement of Policy

The Town Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. It is responsible for ensuring that its financial management is adequate and proportionate to facilitate the effective exercise of its functions. This policy details its approach to good governance, accountability and transparency.

The Town Council endeavours to encourage a commitment to inclusiveness, openness and accountability to the communities served by the Council. It also provides assurance that the public money managed by the Council has been properly spent according to the rules and regulations adopted by the Council.

### 1 Internal Auditor

Internal auditing is an independent and objective assurance designed to improve the Council's organisation and operations. It aims to bring a systematic, disciplined approach to evaluate and improve processes. The internal auditor must be competent to carry out the role in a way that meets the business needs, size and circumstances of the Council. Internal audit is not aimed at providing a detailed inspection of all records and transactions in order to detect error or fraud.

The Internal Auditor will be appointed (or appointment reconfirmed) at the annual meeting of the Town Council held in May. The appointment will be subject to the following engagement terms:

- Roles and responsibilities
- Audit planning and timing of visits
- Reporting requirements
- Assurances around independence and competence
- Rights to access to information, members and officers
- Period of engagement
- Remuneration
- Any other matters required for the management of the engagement by the Authority

### 2 Internal Audit

Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

The annual internal audit report focuses on internal control objectives covering the Council's key financial and accounting systems and concludes whether in all significant aspects the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

It is the responsibility of the Internal Auditor to report and 'sign off' the Internal Audit

Report. Once the audit has been completed the Internal Audit Reports must inform the Council's responses to assertions 2 and 6 in the Annual Governance and Accountability Return (AGAR). These will be reviewed by the Finance & Property Sub- Committee prior to The Council approving and signing of the Return.

The following items are some of the key systems and processes which make up the Internal Audit Programme which relates to guidance referred to in Regulation 5(1) of the Accounts and Audit Regulations 2015, which needs to be taken into account in undertaking an effective internal audit:

	<b>AGAR certificate reference</b>	<b>Internal Audit action for expected controls</b>
A	Appropriate accounting records have been properly kept throughout the year and periodic bank account reconciliations were properly carried out during the year	<ul style="list-style-type: none"> <li>• Ensure the correct roll forward of the prior year cashbook balances to the new financial year</li> <li>• Check a sample of financial transactions in cashbooks to bank statements. The sample size will be dependent on the size of the authority and nature of accounting records maintained</li> <li>• Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign off by members</li> <li>• Verify the accuracy of the year end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2 , line 8</li> <li>• Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy</li> </ul>
B	This Authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for	<ul style="list-style-type: none"> <li>• Review the procedures in places for acquisition of formal tenders and quotes, ensuring they are in line with the Standing Orders (SO) and Financial Regulations (FR) which should be based on the latest version</li> <li>• Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs</li> <li>• Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment, with the certifications stamp in place, providing for evidencing of these checks and payment authorisation</li> <li>• Check there is effective segregation between the writing of cheques or the setting up of on-line payments, and physical release of payments</li> <li>• Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements</li> </ul>
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	<ul style="list-style-type: none"> <li>• Ensure that authorities have prepared and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc</li> <li>• Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' liability, fidelity guarantee, business interruption and cyber security</li> <li>• Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches, such reviews should be undertaken by appropriately qualified external inspectors, or if by officers or members, that they have received the appropriate training and accreditation</li> <li>• Review the effectiveness of internal control carried out by the authority</li> </ul>
D	The precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and	<ul style="list-style-type: none"> <li>• Ensure that the full Authority not a committee has considered, approved and adopted the annual precept for the coming year in accordance with the parent Authority timetable</li> <li>• Ensure that current year budget report are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances</li> </ul>

	reserves were appropriate	<ul style="list-style-type: none"> <li>• Review the budget performance either during the year or at the financial year end seeking explanations for any significant or unanticipated variances</li> <li>• Ensure the Authority has considered the establishment of specific earmarked reserves and ideally reviews them annually as part of the budget assessment process</li> <li>• Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority</li> </ul>
E	Expected income was fully received based on correct process, properly recorded and promptly banked, and VAT appropriately accounted for	<ul style="list-style-type: none"> <li>• Review aged debtors to ensure appropriate follow up action is in place</li> <li>• Burials – ensure that a register is maintained, that it is up to date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time</li> <li>• Leases – ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the right time</li> <li>• Other variable income streams – ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through it invoicing and recovery of all such income</li> <li>• Where amounts are received on set dates during the year, ensure that an appropriate control record is maintained duly identifying dates on which income is due, received and banked</li> </ul>
F	Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	<ul style="list-style-type: none"> <li>• Review the systems in place for controlling any petty cash and cash floats</li> <li>• Check a sample of transactions during the financial year to ensure appropriate supporting document is held</li> <li>• Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held</li> <li>• Ensure that VAT is identified wherever incurred</li> <li>• Physically check the petty cash and floats held</li> </ul>
G	Salaries to employees were paid in accordance with the authority's approvals and PAYE and NI requirement were properly applied	<ul style="list-style-type: none"> <li>• Ensure that all staff have a contact of employment together with any relevant confirmatory letter setting out any changes</li> <li>• Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability</li> <li>• Check a sample of staff salaries that gross pay due is calculated in accordance with the approved scale and contracted hours, and that tax is calculated properly</li> <li>• Ensure that appropriate tax codes are being applied to each employee</li> <li>• Check the correct treatment of pension contributions, including employer's contribution rates</li> <li>• Ensure the correct deductions are applied for NI</li> <li>• Ensure for the test sample the correct net pay is paid to the employee with all deductions correctly paid to the respective agencies</li> </ul>
H	Asset and investment registers were complete, accurate and properly maintained	<p><b>Tangible Fixed Assets</b></p> <ul style="list-style-type: none"> <li>• Ensure the authority is maintaining a formal asset register and updating it routinely to record new assets at cost price and removing any disposed of, or longer serviceable assets</li> <li>• Verifying the existence and condition of high value, high risk assets may be appropriate</li> <li>• It is recommended that the register should identify for each asset the purchase cost and if practicable the replacement/insured cost, the latter being updated annually to assist in forward planning for asset replacement</li> <li>• Additions and disposals records should allow tracking from the prior year to the current</li> </ul>

		<ul style="list-style-type: none"> <li>• Ensure that the asset value to be reported in the AGAR equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and/or disposals</li> <li>• Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured</li> </ul> <p><b>Fixed Asset Investments</b></p> <ul style="list-style-type: none"> <li>• Ensure that any long term investments (more than a 12 month term) are covered by the Investment Strategy and reported as Assets in the AGAR</li> </ul> <p><b>Borrowing and Lending</b></p> <ul style="list-style-type: none"> <li>• Ensure the authority has sought and obtained appropriate DMO approval for all loans acquired</li> <li>• Ensure the authority has accounted for the loan appropriately (i.e has recorded the full value of the loan) in the year of receipt</li> <li>• Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR</li> <li>• Ensure the outstanding loan liability as at 31<sup>st</sup> March each year is correctly recorded in the AGAR</li> <li>• Where the authority has issued loans to local bodies they should seek signed indemnities from the recipient body for the debt</li> </ul>
I	Accounting Statements prepared during the year were prepared on the correct accounting basis, agreed to the cashbook, supported with an adequate audit trail from underlying records and, where appropriate debtors and creditors were properly recorded.	<p>The Internal Auditor (IA) is not required to verify the accuracy of detail to be disclosed in the AGAR but is expected to ensure the financial detail reported in Section 2 reflects the details in the accounting records maintained for the financial year. Consequently the IA should</p> <ul style="list-style-type: none"> <li>• Ensure that where annual turnover exceeds £200,000 appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein</li> <li>• Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year end</li> </ul>
J	If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt	<p>The IA should ensure that all relevant criteria are met (receipts and payments each total less than £25,000)</p> <ul style="list-style-type: none"> <li>• The correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline</li> <li>• That it was published together with all required information on the authority's website and notice board</li> </ul>
K	The authority publishes information on a free to access website/web page, up to date at the time of the internal audit, in accordance with any relevant transparency code requirements	This test only applies to council's covered by the £25,000 exemption
L	The authority during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations	<p>The IA should examine a copy of the 'Public Notice' ensuring that it clearly identifies the statutory 30 working day period when the authority's records are available for public inspection</p> <p>The IA may also check whether councils have minuted the relevant dates at the same time as approval the AGAR</p>
M	The authority complied with the publication requirements for the prior year AGAR	The IA should ensure that the statutory disclosure/publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR
N	Trust Funds	<ul style="list-style-type: none"> <li>• Confirm that all charities of which the council is a Trustee are up to date with Charity Commission filing requirements</li> <li>• That the council is the sole trustee of the Charity</li> </ul>

### **3 Annual Review of the Internal Audit**

The Finance & Property Sub- Committee will annually review the effectiveness of the internal audit and will seek to evidence the Council's financial management. The review is primarily about effectiveness in terms of the quality of the delivery of the internal audit process not the process itself. This Policy sets out to clearly demonstrate the measures in place for good governance and adequate and effective controls for risk management.

*Reviewed by the Finance & Property Sub-Committee  
January 2026*