



UTTOXETER TOWN COUNCIL

STATEMENT OF INTERNAL CONTROL AND ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

1. OVERVIEW

- 1.1 Regulation 4 of the Accounts and Audit Regulations 2011 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".
- 1.2 Local councils are required to conduct, at least once a year, in accordance with proper practices, a review of the effectiveness of its system of internal control. The council is required to complete and sign the Annual Governance Statement (on the Annual Return submitted to the external auditor) to evidence that this review has been undertaken.
- 1.3 In order for the Town Council to review the effectiveness of the Internal Control System there needs to be clarity on the internal controls in place.
- 1.4 Some internal controls are listed in the Financial Regulations document but the system of controls goes beyond this. A Statement of internal Controls has been prepared and is appended to this report.

2. RECOMMENDATION

- 2.1 That the Town Council give consideration to the attached Statement of Internal Controls at its Finance and General Purposes meeting held on 24 June 2014 and Recommended that the controls currently in place were effective.

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STATEMENT OF INTERNAL CONTROL

<p>Cash Book/Bank Reconciliations</p>	<ul style="list-style-type: none"> ▪ The Cash Book is kept up-to-date from original documents (paying-in books, invoices, cheque stubs). ▪ The Cash Book is reconciled to the bank statement on a monthly basis.
<p>Financial Regulations</p>	<ul style="list-style-type: none"> ▪ A document listing the Town Council's financial regulations, based on the model version prepared by NALC/SLCC, is maintained. The regulations are reviewed for continued relevance and amended where necessary by the Responsible Financial Officer (RFO) with any proposed amendments subject to approval by the Town Council. ▪ The Financial Regulations are complemented by the approved "Duties of the Responsible Financial Officer".
<p>Order/Tender Controls</p>	<ul style="list-style-type: none"> ▪ In accordance with the Financial Regulations, list the number of estimates, quotations or full tenders that must be invited depending on the value and nature of the work. ▪ Official letters/Purchase Orders are sent to suppliers for services which are not regular in nature.
<p>Legal Powers</p>	<ul style="list-style-type: none"> ▪ A proper legal power is identified in advance of any expenditure.
<p>Payment Controls</p>	<ul style="list-style-type: none"> ▪ Purchase Orders/letters ordering the work are matched to purchase invoices where applicable. ▪ A Schedule of Payments is presented to every ordinary meeting of the Town Council for approval (such approval is recorded in the Minutes). ▪ All cheques and financial documents are signed by two authorised signatories and initial cheque stubs. ▪ All BACS or CHAPS payments are checked by the RFO and Office Manager/Admin Staff and are signed by two authorised signatories and initial documents accordingly. ▪ Original invoices are provided to the Councillors signing the cheques or to Council authorising BACS or CHAPS payment. ▪ The cheque number used to settle an invoice is noted on the invoice for cross reference purposes or the receipt of the BACS or CHAPS Payment is attached for cross reference.

The Free Resource, i.e. LGA 1972, s.137	<ul style="list-style-type: none"> ▪ A separate s.137 account is maintained when necessary. ▪ The proper minute authorising expenditure from s.137 is prepared on each occasion.
VAT Repayment Claims	<ul style="list-style-type: none"> ▪ The RFO ensures that all invoices are addressed to the Town Council. ▪ The RFO ensures that proper VAT invoices are received where VAT is payable. ▪ The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.
Income Controls	<ul style="list-style-type: none"> ▪ The RFO ensures that the amount of Precept received is correct in accordance with the Precept request submitted to the East Staffordshire Borough Council. ▪ The RFO ensures that the Precept instalments are received when due. ▪ The RFO ensures that all other receipts (cemetery fees, booking fees, rental, etc) are received when due and correctly calculated. ▪ Income is banked promptly.
Financial Reporting	<ul style="list-style-type: none"> ▪ The performance to date and latest year end forecast against the agreed annual Budget are presented quarterly to ordinary meeting of the Town Council.
Budgetary Controls	<ul style="list-style-type: none"> ▪ The budget is prepared in consultation with the Town Council. ▪ The Precept is set on the basis of the budget by the deadline set by the East Staffordshire Borough Council.
Payroll Controls	<ul style="list-style-type: none"> ▪ Council's External Payroll – K Haberfield carries out all Council's Payroll requirements including HMRC, Pensions, Auto Enrolment, etc. ▪ All staff are paid under PAYE. ▪ All staff salaries are set by the Town Council and a minute is prepared to show the agreed salaries. ▪ Salaries are paid by BACS or CHAPS payment; all payments are approved by Council/two authorised signatories and are inputted electronically by the RFO and checked by the Office Manager/Admin Staff.

	<ul style="list-style-type: none"> ▪ The RFO receives copies of the necessary payroll returns to HMRC/Pensions Fund as submitted by the External Payroll Provider and retains evidence that this has been done.
Asset Control	<ul style="list-style-type: none"> ▪ The RFO maintains a full Asset Register. ▪ The existence and condition of assets is checked on an annual basis. ▪ The adequacy of insurance of the Town Council's assets is considered annually in advance of the insurance renewal.

Uttoxeter Town Council – Consideration at its F&GP Committee 24 June 2014
 Uttoxeter Town Council – 7 July 2014
 Uttoxeter Town Council – 19 May 2015
 Uttoxeter Town Council – 10 May 2016
 Uttoxeter Town Council – 9 May 2017
 Uttoxeter Town Council – 8 May 2018
 Uttoxeter Town Council – 14 May 2019
 Reviewed and adopted at Council's AGM – 5 May 2021
 To be reviewed by UTC at its meeting on 10 May 2022