

Mossley Town Council

Statement of Internal Control

**Scope of Responsibility**

Mossley Town Council (the Council) is a local authority funded by public money and as such is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.

In meeting this responsibility assurances are required that there is a sound system of internal control and accountability.

**The Purpose of Internal Control.**

Internal controls are 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.

**The Internal Control Environment**

The  Council:

* appoints a Chair to be responsible for the smooth and effective running of meetings and for ensuring that all Council decisions are lawful with the Clerk’s advice;
* reviews its obligations and objectives and approves budgets for the following year at its January meeting. This meeting also approves the level of precept for the following financial year;
* meets ordinarily 6 times each year and monitors progress against its aims and objectives;
* In between Council meetings, the Clerk maintains regular contact with the Chair and other members where necessary in order to discuss any issues which may arise in order to secure endorsement of any permitted approach.

The Council Clerk and Responsible Financial Officer:

* is appointed by the Council to act as the Council’s advisor and administrator;
* is the Council’s Responsible Financial Officer and is responsible for administering the Council’s finances;
* is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks;
* ensures that the Council’s procedures, control systems and policies are adhered to.

Payroll Controls:

* the Clerk has a contract of employment with clear terms and conditions;
* the salary of the Clerk agrees with that approved by the Council;
* PAYE is properly operated by the Council as an employer and monthly submissions are made to HMRC.

Payments:

* The latest financial position and movements on the Council’s cash balances are reported at each Council meeting and can be traced back to the expenditure approved at previous meetings via the minutes;
* The Clerk as Responsible Financial Officer is authorised to pay all accounts, bills and payments for services required to be transacted up to a value of £500 subject to the inclusion of details of the payments made being included on the schedule of payments made and submitted to each Council Meeting;
* Where a payment exceeding £500 is required, approval to the payment of the amount is recorded in the minutes of the meeting together with any necessary resolutions;
* Payments may be made by cheque, or BACS or other order drawn on the Council's bankers;
* The Clerk makes the majority of payments on behalf of the Council by BACS transfer. A bank record of payment is attached to each invoice and maintained on file for inspection. Payments made by this method are recorded in the schedule of payments submitted to each meeting and recorded in the minutes;
* Cheques drawn on the Council’s bank account are signed by two members of Council, who are authorised cheque signatories of the Council;
* To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

Income

* Income is banked in the Council’s name in a timely manner and reported to the Council.

**Payments made under section 137, Local Government Act, 1972 (“The Free Resource”)**

* A separate s137 heading is maintained in the Cash Book;
* The Clerk ensures that the maximum amount of s137 expenditure able to be made each year is not exceeded;
* Where decisions are made authorising expenditure under s137, this is recorded in the minute on each occasion.

**Risk Assessments**

* The Council’s Risk Assessment is reviewed on an annual basis;
* Risk Assessments are carried out in respect of individual events and actions. Systems and controls are regularly reviewed.

**Internal Audit**

* The Internal Audit is carried out by an independent Internal Auditor who reports to the Council on the adequacy of its records, procedures, systems, internal controls, regulations and risk management reviews;
* Any issues identified by the Internal Auditor are reported to the Council and subsequently acted upon.

**External Audit**

* The Council’s External Auditor submits an Annual Certificate of Audit which is reported to the Council.
* Any issues identified by the External Auditor are reported to the Council and subsequently acted upon.

**Standing Orders and Financial Regulations**

* the Council has adopted Standing Orders and Financial Regulations which are reviewed on an annual basis.

**VAT**

* VAT payments are identified, recorded and reclaimed on an annual basis

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**Petty Cash**

* The Council does not operate a petty cash account

**Asset Register**

* the Council maintains a register of all material assets owned or in its care. The Clerk updates the register as and when necessary. Notwithstanding that, the register is approved on an annual basis.

**Insurance**

* The Council’s insurance provision is reviewed annually both in relation to its schedule of cover and also its value for money.

**Code of Conduct**

* Each member is required to sign an Acceptance of the Code and complete a Register of Interest form.
* At each meeting, members are invited to declare interests in items included on the agenda for meetings and ensure that any interest is declared at the beginning of the meeting or before the matter is discussed. All declarations made in this manner are recorded in the minutes;
* an item ‘Declarations of Interest’ is included on every agenda to facilitate this;

Adopted: 2020
Review date: 2021