



Statement of Internal Controls

Lostwithiel Town Council

Approved 19 March 2019

1. Scope of Responsibility

Lostwithiel Town Council (the Council) is a local authority funded largely by public money and 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, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to

- identify and prioritise the risks to the achievement of the Council's policies, aims and objectives,
- evaluate the likelihood of those risks being realised, and the impact should they be realised
- manage them effectively and economically.

The system of internal control accords with the practices set out in the Governance and Accountability for Smaller Authorities in England (March 2017).

3. The Internal Control Environment

3.1 The Council

The Council reviews its obligations and budgets and the level of precept required for the following year between November and February each year.

The full Council meets at least once a month and monitors progress against its aims and objectives at each meeting by reviewing and ratifying all Committee decisions. The Council carries out regular reviews of its internal controls, systems and procedures.

3.2 Town Clerk/Responsible Financial Officer

The Council has appointed a Town Clerk who acts as the Council's advisor and administrator. The Town Clerk is also the Council's Responsible Financial Officer. The Clerk manages and administers the Council's finances and is responsible for the day-to-day compliance with laws and regulations which the Council is subject to and for managing risks as well as ensuring adherence to the Council's procedures, control systems and policies. The Clerk is supported by one part-time Administration Assistant.

3.3 Payments

The Council has adopted Financial Regulations, based on the National Association of Local Councils model which set parameters for the Council's financial operations. The majority of payments are made by cheques authorised at full Council meetings drawn on a bank account in the name of Lostwithiel Town Council. Three Members of Lostwithiel Town Council must sign every cheque, check the invoices and initial the cheque counterfoil. No officer of Lostwithiel Town Council can sign cheques from the Council's bank account.

3.4 Risk Assessment

Lostwithiel Town Council reviews its Risk Management Policy annually and regularly reviews its systems and controls.

3.5 Internal Audit

The Council has appointed an independent, competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management.

3.6 External Audit

The External Auditor is independently appointed and is currently PKF Littlejohn LLP. The External Auditor examines the Annual Return and other documents specifically requested.

4. Effectiveness

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is monitored by:

- The Council
- The Town Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk.
- The independent internal auditor who reviews the Council's systems.
- The external auditor who makes a final check using the annual return.
- The external auditor in their annual report.

Appendix 1

The Council is required to review at least annually the effectiveness of its system of financial control.

On the recommendation of the Town Clerk and in accordance with the Council's Financial Regulations on the adoption of this policy a Councillor will undertake random inspections/checks and provide a written report to Council. The first inspection/check to be undertaken immediately and preferably bi-monthly but at least quarterly thereafter of all items listed below: -

- The last review date of the Council's Standing Orders
- The last review date of the Council's Financial Regulations
- The last review date of the Terms of Reference for Committees or the last review date of the Terms of Reference for Portfolio Holders
- Evidence that quarterly budget monitoring reports have been presented to Council
- Evidence of quarterly bank reconciliations (checked back to original bank statements in accordance with Financial Reg. 2.2)

- Data Protection – that the Council is protecting data in accordance with current Data Protection legislation and the General Data Protection Regulation (May 2018)
- Transparency Code – that the Council has up to date financial information displayed on the website.