



Okehampton Town Council

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DRAFT Internal Control Statement

Introduction

Okehampton Town Council (the Council) is a local authority funded largely by public money. The Council is responsible for ensuring its financial 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 includes arrangements for the management of risk.

The Council is required to review at least annually the effectiveness of its system of financial control. This is informed by the work of the internal auditor and Policy and Resources Committee, who have responsibility for the development and maintenance of the internal audit environment, and also any comments made by the external auditors in their annual report.

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 cannot provide an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them effectively and economically.

The system of internal control accords with the practices set out in the most recent version of the Governance and Accountability in Local Councils: A Practitioners' Guide.

The Internal Control Environment

The Council has adopted Financial Regulations which set parameters for the Council's financial operations. The Council has appointed the Town Clerk as the Responsible Financial Officer (RFO) who implements financial systems and controls.

The Council uses Omega Financial software (supported by RBS Software Solutions) to process transactions and monitor performance against budget. Payroll is undertaken in-house. Banking services are provided by Nationwide, National Westminster and Lloyds Banks, with the Lloyds account being the primary one.

An independent internal audit service is provided by IAC Audit & Consultancy Ltd and the Council's internal monitoring is undertaken by the Policy and Resources Committee. Monthly audits of bank reconciliations, petty cash, online BACS payments and those made by debit card are undertaken by a nominated Councillor. The Town Clerk undertakes quarterly checks including invoicing, petty cash, parking permit sales and the use of the fuel card.

Any issues raised by the Internal Auditor, nominated Councillor or Clerk are reported to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales. Additionally, the Council seeks and receives appropriate property, legal, insurance and health and safety advice as appropriate to manage risk.

The Council is responsible for:

- Establishing and monitoring the achievements of the authority's objectives
- The facilitation of policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases
- Ensuring all committees receive regular and up to date reports on financial activities under their direction
- Ensuring performance is regularly monitored against financial and operational budgets
- Control and reports on the financial management of the Council

Review of Effectiveness

The Council through the RFO has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

The review of the effectiveness of the system of internal control is monitored by:

- The work of officers within the Council reporting to the RFO
- The Town Clerk is the Council's RFO who acts as the Council's legal advisor and administrator. The Clerk is responsible for administering the Council's finances, for advising on compliance with laws and regulations which the Council is subject to, and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.
- Those elected members of the Policy and Resources Committee have particular responsibilities within this area. The committee generally meets on a **bi-monthly** basis. Members of the committee monitor financial systems and procedures, budgetary control and carry out regular reviews of financial matters. Minutes of the committee meetings are circulated to all members of the Council and are accepted by Full Council at meetings,
- A Councillor is nominated annually at a meeting of the full Council to undertake quarterly checks of BACS payments, **petty cash**, bank reconciliations and debit card spend.
- The work of the Internal Auditor, an independent person specialising in local council matters, reports to the Council on the adequacy of its records, procedures, systems, internal control and risk management **twice yearly**,
- The External Auditors in their annual report.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.