

Okehampton Town Council

Review of Effectiveness of Internal Controls – March 2025

Internal Control Measure	Explanatory Commentary	Current Practice and areas for development
<p>Standing Orders and Financial Regulations in place and up to date.</p>	<p>The authority needs to have Standing Orders and Financial Regulations governing how it operates. Financial Regulations need to incorporate provision for securing competition and regulating the way tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.</p>	<p>The Policy & Resources Committee will review the new model Financial Regulations, as prepared by the National Association of Local Councils, in March 2025 and make recommendation to Council for adoption in May 2025.</p> <p>Standing Orders were re-adopted in March 2024 and will be reviewed in March 2025.</p>
<p>Safe and Effective arrangements to Safeguard Public Money. (Including the segregation of duties)</p>	<p>A council needs to have practical and resilient arrangements covering making payments, and handling receipts. Authorities need to have in place safe and efficient arrangements to safeguard public money.</p>	<p>Procedures for the safe and effective safeguarding of public money are set out in Financial Regulations.</p> <p>The Council's Financial Regulations are clear, transparent and easy to follow. For example, the document clearly sets out the delegated authority of the Clerk, Committees and ultimately the Council. The system is robust and transparent for staff, members and residents. The new version due for consideration and adoption by the Council in May 2025 will include delegation to other Officers.</p> <p>The payment of invoices is made in line with Financial Regulations. Dual authority is required for all payments and all payments are reported to council for approval. The Finance Officer or Clerk sets up the payment and a councillor authorises; a small risk of error or fraud still exists.</p> <p>The Council should consider if this Internal Control measure is adequate.</p>
<p>Effectiveness arrangements to manage the Council's finances.</p>	<p>Every authority needs to arrange for the proper administration of its financial affairs and ensure that one of its officers (the RFO) has</p>	<p>At Okehampton Town Council, the Clerk has been appointed as the RFO. The Clerk is CiLCA qualified and working towards the Community Governance degree at Level 6</p>

	formal responsibility for those affairs	having successfully completed Levels 4 and 5. The Finance Officer is in the process of completing FiLCA.
Regular Financial Reporting	<p>Regular financial reporting is needed to allow members to scrutinise expenditure and ensure that money is being spent in line with council budgets and policy.</p> <p>The bank reconciliation is the key document in managing the council's funds. It is a requirement of the current model financial regulations that bank reconciliations be prepared regularly, approved by members and signed as part of the regular minute record.</p> <p>Regular budget reports detailing expected and actual expenditure against budget are also required.</p>	<p>The Policy and Resources Committee meet approximately bi-monthly. Monthly comprehensive financial management reports are provided to every meeting. This includes:</p> <ul style="list-style-type: none"> • Budget Report • Bank Reconciliation • Reserves <p>A schedule of payments, as necessary, is considered by all committees and full council in accordance with Committee Terms of Reference. This includes BACS and cheque payments, direct debits, standing orders and any payments made by debit card held by the Clerk.</p>
Risk Management	<p>As a minimum, an authority must identify and assess risks and address those identified risks by mitigating or managing them. The Council undertake assessments of risk throughout the year including but not limited to projects, reserves it holds and risks to income.</p>	<p>The Council reviews its Financial Risk Assessment at least annually in May and other risks throughout the year.</p> <p>The Council's precept for 2025/26 is £457,313. As such the Council is not covered by the Financial Services Compensation Scheme. The council have recognised this and mitigate the risks by and spreading funds across banks in accordance with its policies including the Treasury and Investment Policy & Strategy.</p>
Internal Control Regular Review	<p>In addition to completing an annual review of Internal Controls it is helpful for councils to have a system of regular review and scrutiny in place. This ensures existing financial controls are being adhered to and helps identify areas</p>	<p>The Council nominates a Member annually to undertake monthly audits of its bank reconciliations and other financial transactions, including petty cash. These checks are reported to meetings of the Policy & Resources Committee.</p>

	<p>for development at an early stage.</p> <p>Simple checks conducted by members, can provide reassurance to a council and other stakeholders that Internal Control measures are adhered to.</p>	<p>Payments are approved at meetings of the council or its committees. Any payments made outside of this in accordance with delegated powers are reported to the next meeting.</p>
Audit and Independent Review	<p>The Internal Audit is in place to check that processes are being followed, and the External Audit ensures transparency and that financial statements are produced correctly.</p>	<p>IAC Audit and Consultancy have been appointed by the Council to undertake internal audits twice yearly. 2024/25 is the last of a three-year agreement and will be reviewed by the council following the year end audits.</p> <p>All reports from both the internal and external auditors are reviewed by the council and action taken as necessary to address issues or recommendations raised. The reports are published on the council's website.</p>
Training and Awareness	<p>Staff and members should understand their role and responsibilities in relation to financial control</p>	<p>A stakeholder survey could be used to identify any training needs of staff and Members. "Training" could include briefings from the Clerk, reading "The Good Councillors Guide to Finance" as well as formal training sessions. A survey will be undertaken in the 2025/26 financial year, see example at Appendix A.</p>
Transparency and Communication to the Public	<p>Councils should regularly communicate financial information to the public. This could be by publishing information in a newsletter or the website.</p>	<p>Information on the Town Council website is comprehensive and up to date.</p>

Appendix A

Review of Internal Controls – Stakeholder Feedback

This survey should be completed anonymously but if you feel this survey has highlighted any training needs or knowledge gaps please speak to the Clerk.

About you and your role at the council

1. What is your role at the council?
 - a. Officer
 - b. Councillor

2. If you are a councillor, do you have any special responsibilities e.g. Mayor/Deputy Mayor or chair of a committee (Please specify)

3. Are you a bank signatory
Yes No

4. Have you undertaken any training for your role as a Town Councillor?
 - a. Yes, and it has improved my understanding of my role
 - b. Yes, but I am still unclear on my responsibilities
 - c. No, but I have a clear understanding of my role
 - d. No, and I think training would assist me

5. Have you undertaken any specific training on Local Council Finance or Internal Audit?
 - a. Yes, and it has improved my understanding of my role
 - b. Yes, but I am still unclear on my responsibilities
 - c. No, but I have a clear understanding of my role
 - d. No, and I think training would assist me

6. How would you rate your understanding of the following documents, policies and processes

	Very Good	Good	Fair	Poor
Financial Regulations				
Bank Reconciliation				
Risk Assessments				
The Council's Budget				
The Annual Governance and Accountability Return				
Payment Controls				

7. How helpful do you find the reports from your Internal Auditor
 - a. Very helpful they have helped us improve our systems and services
 - b. Somewhat helpful they have highlighted areas we need to consider
 - c. Neither helpful nor unhelpful the reports ensure we meet our statutory requirements
 - d. I am not familiar with the Internal Auditors reports

8. Do you have any other comments to make?

If you have identified any training needs, please either provide your name on this document or speak to the Town Clerk so that these can be addressed.