Lowestoft Town Council
INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2019

1. SCOPE OF RESPONSIBILITY

Lowestoft Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council is 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 system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council:
The Council reviews its obligations and objectives and usually approves budgets for the following year at its November/December meeting. The January meeting of the Council usually approves the level of precept for the following financial year.

The Council has appointed a Finance and Governance Committee. The Committee meets not less than 10 times during the financial year. Members of the Committee monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of the meetings of the Committee are circulated to all members of the Council. A councillor responsible for bank reconciliation checks has been appointed.

The Full Council meets at least 11 times each year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Finance and Governance Committee and the Town Clerk and Responsible Financial Officer.

The Council carries out regular reviews of its internal controls, systems and procedures. See attached Appendix 1.
INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2019

Appendix 1

The Accounts & Audit (England) Regulations 2015 aim to strengthen governance and accountability through requirements related to internal control and internal audit.

Regulation 3 states: “A relevant authority must ensure that it has a sound system of internal control which—
(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
(b) ensures that the financial and operational management of the authority is effective; and
(c) includes effective arrangements for the management of risk.

Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct each financial year a review of the effectiveness of the system of internal control.

Proper Practice – setting the framework for our internal controls

The publication Governance and Accountability for Smaller Authorities in England, March 2019 provides the Proper Practices with which Lowestoft Town Council is required to comply.

Internal Audit – examining our internal controls

The Town Council appoints an internal auditor for audits three times in the financial year and annually reviews the effectiveness of the internal audit (independence, competence, proportionality and scope). The purpose of internal audit is to review and report to the Council on whether its systems of financial and other internal controls over its activities and operating procedures are effective. The annual internal audit report focuses on internal control objectives covering the key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet our needs.

External Audit – examining our internal controls

Lowestoft Town Council intends to be able to confirm in its governance statements in the Annual Governance and Accountability Return that it has maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. To achieve this it needs to ensure the following internal controls are in place and effective:

1) Suitable Standing Orders and Financial Regulations.

2) Safe and Efficient Arrangements to Safeguard Public Money, including through the proper administration of our financial affairs, appointing one of our officers (the Responsible Financial Officer – RFO) to have formal responsibility for those affairs, appropriate authorisations of payments, bank account and bank mandate approvals, signatory and credit cards controls, risk assessment, and training for those with direct responsibility for money.

3) Compliant employment practice and suitably controlled payroll.

4) Robust VAT practices.

5) Properly maintained and efficiently managed fixed assets and equipment with appropriate procedures for any asset disposal and capital receipts.

6) Affordable and appropriate loans, if any, and long-term liabilities.

7) Reviewed and effective system of internal control.

As part of its internal control, the Town Council has appointed a non-signatory Councillor to conduct a review of the system of internal control via the following tests on a quarterly basis, with a written
<table>
<thead>
<tr>
<th>Safeguarding payments &amp; receipts</th>
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<tr>
<td><strong>Regular bank reconciliation, independently reviewed</strong></td>
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<tr>
<td><strong>Regular scrutiny of financial records and proper arrangements for the approval of expenditure</strong></td>
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<tr>
<td><strong>Recording in the minutes/appendices the precise powers under which expenditure is being approved</strong></td>
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<tr>
<td><strong>Payments supported by invoices, authorised and minuted</strong></td>
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<tr>
<td><strong>Regular scrutiny of income records to ensure income is correctly received, recorded and banked</strong></td>
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<tr>
<td><strong>Scrutiny to ensure precept recorded in the cashbook agrees to Billing Authority notification</strong></td>
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<tr>
<td><strong>Employment</strong></td>
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<tr>
<td><strong>Contracts of employment for staff Contract annually reviewed</strong></td>
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Date of review of system of Internal Control: 17 April 2019

Review of system of Internal Controls carried out by: Neil Coleby and Graham Parker

Name: Graham Parker
Signature: [Signature]

Name: Neil Coleby
Signature: [Signature]

Report submitted to Council Minute reference

Next review of system of Internal Controls due by April/May 2020

Additional comments - Standing Orders and Financial Regulations being reviewed by RFO for any proposed changes to petty cash, after initial trial period, to go before Council in May 2019. Internal controls document to be reviewed for additional information to detail steps taken in practice.