



**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.**



## Lowestoft Town Council

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#### 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

appropriate)		<p>reviewed with Norse on an ongoing basis through the CCTV, Finance and Governance and AID Committees. Tenant arrangements also under review in respect of contracts and wider relationship. New arrangements are being entered into as draft leases are approved. Annual contract review arrangements are in place, including to look at value for money, but are inevitably limited in scope where the contract exceeds one year. Compliance framework (legionella etc) established with transfer from WDC. S.113 arrangements with WDC in place for limited legal work with month by month extensions as needed. New contracts and sub-contracts being assessed either through Norse or direct by Facilities and Contracts Manager or RFO or relevant Council body.</p> <p>Date of internal controls check: 17 April 2019</p>
<b>Safeguarding payments &amp; receipts</b>		
Regular bank reconciliation, independently reviewed	YES	<p>Internal controllers carried out checks. Bank reconciliation, salary checks and related paper files seen. Plus reports are made to Council/Finance &amp; Governance that bank reconciliations have been carried out and related information made available. Income and expenditure and balances reported to Full Council and Finance &amp; Governance.</p> <p>Date of internal controls check: 17 April 2019</p>
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	YES	<p>Internal controllers reviewed. Finance and Governance and Full Council receive information in agenda/schedules which is scrutinised in detail by F&amp;G. Receipts and payments with invoices etc. 2 councillor signatories.</p> <p>Date of internal controls check: 17 April 2019</p>
Recording in the minutes/appendices the precise powers under which expenditure is being approved	YES	<p>Internal controllers reviewed. Councillor training provided. RFO checks payment powers. Council has General Power of Competence and this is used for all transactions so not noted on each payment.</p> <p>Date of internal controls check: 17 April 2019</p>
Payments supported by invoices, authorised and minuted	YES	<p>Internal controllers reviewed files and systems, as per regular scrutiny above. Date of internal controls check: 17 April 2019</p>
Regular scrutiny of income records to ensure income is correctly received, recorded and banked	YES	<p>Internal controllers reviewed. RFO checks and then confirmed in minutes as income and balances reported plus reconciliations carried out.</p> <p>Date of internal controls check: 17 April 2019</p>
Scrutiny to ensure precept recorded in the cashbook agrees to Billing Authority notification	YES	<p>Internal controllers reviewed. RFO checks and then confirmed in minutes as income and balances reported plus reconciliations carried out. Date of internal controls check: 17 April 2019</p>
<b>Employment</b>		
<p>Contracts of employment for staff Contract annually reviewed Updating records to record changes in relevant legislation PAYE/NIC properly operated by the Council as an employer</p>	YES	<p>Internal controllers reviewed. Only issued November 2017 to January 2018 so substantive changes not needed. Terms and conditions reviewed at June 2018 Personnel Committee meeting, and thereafter as needed owing to staff additional</p>

		Date of internal controls check: 17 April 2019
Adoption of Codes of Conduct for Members	YES	Internal controllers reviewed. First Annual Meeting adopted and subsequent annual meetings. Date of internal controls check: 17 April 2019
Declaration of Acceptance of Office	YES	Internal controllers reviewed. Files in order and as councillors take office advised plus Mayor at Annual Meeting – next agenda 14 May 2019. Date of internal controls check: 17 April 2019


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 *Graham Parker*

Name **NEIL COLEBY**

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.