



Lowestoft Town Council
INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2024

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.**

Clerk to the Council/Responsible Finance Officer:

The Council has appointed a Clerk to the Council who acts as the Council’s advisor and administrator. The Clerk manages the Responsible Financial Officer who is responsible for administering the Council’s finances. The Clerk is responsible for advising on the day to day compliance with laws and regulations that 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. The Responsible Financial Officer (or the Clerk in their absence) takes particular responsibility in relation to these responsibilities in relation to financial matters.

Payments:

All payments are reported to the Council or Finance and Governance Committee or Clerk for Approval where delegations permit. All payments must be reported to Council. Any delegations are only as authorised by s.101(1)(a) of the Local Government Act 1972 and the Council’s financial regulations or as authorised by Full Council.

Two members of the Council must sign every cheque or order for payment. The signatories should consider each cheque against the relevant invoice, sign the invoice and initial the cheque counterfoil or relevant online banking paperwork. All authorised cheque signatories are members of the Council. No officer of the Council can sign cheques. All payments should align with the Council’s financial regulations unless authorised by Full Council.

Income:

All income is received and banked in the Council’s name in a timely manner and reported to the Council.

Risk Assessments/Risk Management:

The Council reviews its risk assessment annually, usually in May, and regularly reviews its systems and controls.

Internal Audit:

The Council appoints an independent and competent internal auditor who reports to the Council on a half-yearly basis on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management

External Audit:

The Council’s external auditors submit an annual certificate of audit which is presented to the Council.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control and will also review the effectiveness of internal audit. The results of that review will be considered by the Council, which will also approve the related Statement on Internal Control.

Mayor

RFO/Clerk

Approved and adopted by Lowestoft Town Council

Meeting date:



Lowestoft Town Council

INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2018

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 2017 provides the Proper Practices with which Lowestoft Town Council is required to comply.

Internal Audit – examining our internal controls

The Town Council will be appointing an internal auditor for half-yearly audits and will be, thereafter, reviewing 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 our 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 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 we need 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 report of any findings to be submitted to the Council and minuted as received.

CONTROL TEST	TEST DONE	COMMENTS – check documents & initial
	Yes or No	
Assets		
Ensuring an up to date Register of Assets		
Regular maintenance arrangement for physical assets		
Risk Management		
Annual review of risk and the adequacy of Insurance cover		
Annual review of financial risk		
Standing Orders and Financial Regs		
Awareness of Standing Orders and Financial Regulations		
Adoption of Financial & Standing Orders		
Contracts		
Regular reporting on performance by Contractors		
Annual review of contracts (where appropriate)		
Safeguarding payments & receipts		
Regular bank reconciliation, independently reviewed		
Regular scrutiny of financial records and proper arrangements for the approval of expenditure		
Recording in the minutes/appendices the precise powers under which expenditure is being approved		
Payments supported by invoices, authorised and minuted		
Regular scrutiny of income records to ensure income is correctly received, recorded and banked		
Scrutiny to ensure precept recorded in the cashbook agrees to Billing Authority notification		
Employment		
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		
VAT		
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook		
Budget and Monitoring		
Regular financial reporting to Town Council		
Regular budget monitoring statements reported to Town Council		
Transparency		
Compliance with 2014 Regulations: Officer Decision Reports		
Compliance with Local Government Transparency Code 2015: Items of expenditure incurred over £500		
Minutes properly numbered and paginated with a master copy kept in for safekeeping		
Ethical conduct		
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality		
Adoption of Codes of Conduct for Members		
Declaration of Acceptance of Office		

Date of review of system of Internal Controls.....

Review of system of Internal Controls carried out by:

Name.....Signature.....

Report submitted to Council (date).....

(minute reference).....

Next review of system of Internal Controls due.....

Additional comments by reviewer.....

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