



EYE TOWN COUNCIL

Internal Control Statement for the year ended 31st March 2019

1. Scope of Responsibility

Eye 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.

Eye Town 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

Eye Town Council reviews its obligations and objectives and approves budgets for the following year normally at its December full Council meeting. The December meeting of Eye Town Council also approves the level of precept for the following financial year.

Eye Town Council has established the Finance & Governance Committee. The Committee meets eleven 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 and are a matter of public record.

The full Council meets eleven times each year and monitors progress against its aims and objectives at each meeting by receiving minutes, recommendations and reports from the Finance & Governance Committee, Planning Committee, Town Hall User Development Group and Environment Committee.

Eye Town Council carries out regular reviews of its internal controls, systems and procedures (see statement at **Appendix 1**).

Clerk of the Council/Responsible Financial Officer

The Council has appointed a Town Clerk to Eye Town Council who acts as the Council's principal advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for advising on the day to day compliance with laws and regulations to which Eye Town Council is subject and for managing risks. The Clerk also provides advice to help Eye Town Council ensure that it adheres to its procedures, control systems and policies.

Payments

Payments are taken from the Eye Town Council account. All payments are reported to Eye Town Council. Two Members of the Eye Town Council must sign every cheque and a schedule of payments. The signatories should consider each cheque or bank payment against the relevant invoice; sign the invoice and initial the cheque counterfoil and payment schedule. All authorised cheque signatories are Members of the Council. No officer of Eye Town Council can sign cheques from this account. An Open Credit agreement with the Council's bank, has been approved whereby persons authorised by the Council are permitted to withdraw funds provided that such withdraws be for petty cash purposes only, limited in frequency once a month and to a maximum of £250.

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

Eye Town Council reviews its Risk Management Policy and Risk Register annually, and regularly reviews its systems and controls.

Internal Audit

Eye Town Council has appointed an independent Internal Auditor who reports to Eye Town Council annually 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

Eye Town Council has responsibility for conducting an annual review of the effectiveness of the systems of internal audit control, which should include a review of the effectiveness of internal audit. The results of that review must be considered by the Council, which should also approve the Statement of Internal Control.

Appendix 1

Internal Control Statement

Eye Town Council as a whole is responsible for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of their functions and which includes arrangements for the management of risk.

Eye Town Council has determined that the most appropriate method of internal control is at its Finance and General Purposes Committee and, a quarterly Internal Audit review undertaking routine checks to ensure that the accounting records are being properly completed. A random selection of items will ensure that the person carrying out the review is satisfied that the accounting records are correctly maintained. The following checks have been completed:

- that the cashbook is correctly written up and mathematically correct;
- that the cheque/BACS amounts agree with invoices;
- that bank reconciliations are regularly undertaken;
- that income due is received;
- that VAT returns have been completed;
- that salary payments agree with Council approved amounts;
- that petty cash is balanced and agrees with receipts;
- that financial statements produced for the Council agree with the accounting records;
- that the asset register is updated annually;
- that the risk assessment is updated and reviewed annually;
- that all income/expenditure is reported to the Council and properly approved;

Eye Town Council considers these are reasonable controls, however, care should be taken to ensure that internal control checks are proportionate and relevant, and that they are neither seen as, nor intended as, undue interference in the RFO's day to day management of financial affairs.

Eye Town Council reviews its system of internal control on an annual basis and a report on the findings of this review will be considered by the full Council along with the Council's statement of internal control and formally recoded i.e. in the minutes or on a separate report which is referred to in the minutes.