

Internal Controls Policy and checklist

Date of review: 10th April 2024

Next review date: April 2025

Scope of responsibility

The Accounts and Audit Regulations 2003 states that a Council shall be responsible for ensuring that its financial management is adequate and effective, that it has a sound system of internal control which facilitates the effective exercise of the Council's functions, and includes arrangements for the management of risk.

Bingley Town Council is a local authority funded by public money, and is therefore responsible for ensuring that its business is conducted in accordance with the law and proper standards and that the public money is safeguarded, used efficiently and effectively, and properly accounted for.

The purpose of the system of internal control

Internal control is designed to reduce financial risk to the Council. The system of internal control is based on an ongoing process designed to identify and prioritise 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.

Personnel involved with the internal controls

The Council shall review its obligations and objectives, approve a budget and agree a precept for the following financial year at its December/January meeting. The approved annual budget shall form the basis of financial control for the ensuing year.

At a minimum of once a quarter, one member other than the Chairman shall be appointed to carry out an internal control procedure in accordance with the internal control checklist (Appendix A). Two different members shall sign the monthly bank reconciliations and the original monthly bank statements as evidence of verification, prior to Full Council meetings. A schedule of payments is approved at each monthly Full Council meeting, and signed by the Chair and Clerk. Four other members agreed as bank signatories on the bank mandate shall authorise payments (via cheque signing and electronic payments). All payments are made in accordance with Standing Orders and Financial Regulations.

Cheque signing

If payment is made by cheque, two members on the bank mandate will sign the cheques, initial cheque stubs and check each cheque against the relevant invoice. The Clerk/Deputy Clerk must not sign cheques.

Electronic payments

Electronic payments are made by the Clerk/Deputy Clerk, who enter the payment via electronic banking, and are authorised to view and set up payments only. Following approval at monthly meetings or via emergency payment, the signatory councillors are sent the relevant invoices and sign the online payment form to approve the payments.

Internal Auditor

The Council appoints an independent Internal Auditor, who will report to the Council on areas including adequacy of its records, procedures, systems, internal controls, risk management and reviews.

The effectiveness of the Internal Auditor is reviewed annually, and the Council confirms the Internal Auditor appointment annually.

The Internal Auditor inspects the accounts during the current financial year and at the year end prior to the completion of the Annual Return Statement to the External Auditor.

The Internal Auditor will write a separate report to the Council detailing any findings they might have. This report is also copied to all councillors and discussed by the Full Council as an agenda item. Recommendations from the report are recorded in the Council minutes.

External Audit

The Council's External Auditors submit an External Auditor's Report, which is presented to the Council. Any matters raised on the Annual Return Statement are discussed by the Council, with any necessary actions duly recorded in the Council's minutes.

Review of Effectiveness

The Council has responsibility for the conducting regular reviews of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work and issues identified by the Full Council, the Finance and General Purposes Committee, the Clerk and Deputy Clerk to the Council, and the Council's Internal and External Auditors.

Appendix A: Internal Control Inspection Checklist

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| <p>Payments: Have they all been properly authorised? Is the schedule of payments sent to the Council as part of its meeting pack? Are payments signed and dated by the Chair and Clerk after each meeting? Do payments made correspond with the invoiced amounts? Are payments made in a timely fashion? Check legitimacy of Direct Debits and Standing Orders. Does the wage control account balance?</p> | |
| <p>Cheques: Are they properly and fully completed before being signed? Paid cheques correspond with bank statements? Also check outstanding payments.</p> | |
| <p>Internet banking Are the checks implemented by the Council being adhered to? (1. The Clerk/Deputy Clerk sets up the schedule of payments in the Unity Bank account and the schedule of payments on Rialtas. 2. The schedule of payments is sent to all members ahead of a Full Council meeting. 3. The Council approves the payments. 4. Two signatory councillors sign the online payment form and after the meeting approve the payments. 5. The signed online payment form is sent to the Clerk/Deputy Clerk by the two councillors approving the payments.)</p> | |
| <p>Receipts: Is income due to the Council being collected promptly and in full? Are receipts being given? Is income kept securely pending being paid into the bank? Is income properly controlled pending being paid into the bank i.e. in accordance with the council's Financial Regulations?</p> | |
| <p>Toilet cash. Staff member counting the cash records the cash figure from the cash machine and tallies this against monies received. The audit document is filed in the finance file, along with the receipt from the post office for the deposited cash. Staff member counting the cash signs and dates the audit document.</p> | |

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| <p>Allotment rents: Rent letter sent out and rents received in a timely manner? Tenancy agreements issued?</p> | |
| <p>Surplus balances: Are surplus deposits placed in a suitable interest-earning bank account?</p> | |
| <p>Bank reconciliation: Is the Finance and General Purposes Committee and Full Council provided with this information monthly? Is the monthly reconciliation checked against bank statements? The two nominated councillors check the reconciliation and bank statements each month and this is reported at the Finance and General Purposes Committee. Are balances minuted?</p> | |
| <p>VAT paid: Is it properly recorded in the cash book? Claim for refund of VAT made and paid to the council? Claim properly submitted in a timely manner? Are quarterly claims made?</p> | |
| <p>Tax and NI liabilities: HMRC liabilities met?</p> | |
| <p>Multipay Card Are all payments supported by a receipt? Do the payments correspond with the amounts on the Multipay statement?</p> | |
| <p>Asset Register. Is the Asset Register kept up to date?</p> | |
| <p>Salaries Do the Chairs of the Council and Staffing Committee check and sign monthly wage slips? Is the monthly slip showing that this has been done up to date?</p> | |
| <p>Credit ratings of investments What is the credit rating of the Public Sector Deposit Fund? What is Bank of England interest rate (check that it has not dropped by more than 2%)?</p> | |
| <p>Internal Auditor Report Presented to Full Council and recommendations acted upon?</p> | |
| <p>External Auditor Report Presented to Full Council and directives acted upon?</p> | |
| <p>Inspection completed by: PRINT NAME: Date of inspection:</p> | <p>Signature:</p> |