



Rugeley Town Council

Statement of Internal Control

1. Scope of Responsibility

Rugeley Town Council (the 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.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control, which facilitates the effective exercise of the Councils functions and 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; reducing it to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only prove 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 Councils policies, aim 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

3.1 The Council

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations, objectives and budgets and the level of precept required for the following year, at its December or January meeting. The Council monitors progress against its aims and objectives at its meetings by receiving relevant reports from the Town Clerk. The Council regularly reviews its internal controls, systems and procedures.

3.2 The Town Clerk / Responsible Financial Officer

The Council has appointed a Town Clerk of the Council who acts as the Councils advisor and administrator. The Town Clerk is also the Councils Responsible Financial Officer. The Town Clerk works with the Assistant Town Clerk to administer the Councils Finances. The Town Clerk is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Town Clerk also ensures that the Councils procedures, control systems and policies are adhered to.

3.3 Payments

The Council has approved its Financial Regulations and all payments are made in accordance with Financial Regulation 4 and 5.6. All payments are approved by the Council through its Finance and Management Committee. Two signatories are required to sign every cheque / BACS payment, and



Rugeley Town Council

Statement of Internal Control

ensure it accords with the appropriate invoice. The Town Clerk and the Assistant Town Clerk are not permitted to be signatories.

3.4 Risk Management

The Council has a detailed Risk Assessment which is reviewed between every quarter and year by the appropriate committee and/or full council.

3.5 Internal Audit

The Council has appointed an independent, competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The appointment of the internal auditor is reviewed every 3 years.

3.6 External Auditor

The Councils external auditors submit an Annual Certificate of Audit which is presented to the Council each year following approval of the Annual Return.

4. Review of Effectiveness

The Council has responsibility for conducting an annual review 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 of the:

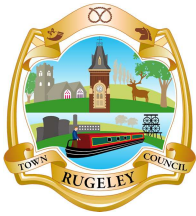
- The Council
- The Town Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk
- The independent internal auditor who reviews the Councils systems of internal control
- The Councils external auditor who makes the final check using the annual return, a form completed and signed by the RFO, the Chairman and internal auditor.

5. Significant Internal Control Issues

Significant issues were identified in the Governance Review for 2015/2016. The Council strives for the continuous improvement of the system it has designed for internal control and has addressed all of the issues and weaknesses raised and reported during the review process.

6. Transparency Code

Rugeley Town Council understands the responsibilities on it through the Transparency Code and regularly updates information on its web site. As part of conforming to the Code, the Council have registered with the Local Council Award Scheme and achieved Foundation Level. Work is currently underway to achieve Quality Level early in 2018.



Rugeley Town Council

Statement of Internal Control

Cash Book / Bank Reconciliations	<ul style="list-style-type: none"> • The cash book is kept electronically through approved RBS software accounting system. The cash book is reconciled to the bank statements in preparation for every meeting of Finance and Management Committee. • At F and M, the bank reconciliations are presented, balances reported, creditors reported.
Financial Regulations	<ul style="list-style-type: none"> • Rugeley Town Council has adopted Financial Regulations based on the NALC model. The regulations are reviewed for continued relevance and amended where necessary via the approval of the Council.
Order/Tender Control	<ul style="list-style-type: none"> • Financial Regulations refer to procedures relating to tenders.
Legal Power	<ul style="list-style-type: none"> • A proper legal power is identified for each expenditure
Payment Controls	<ul style="list-style-type: none"> • All payments are reported to the Council through F and M Committee. • Two members must sign every cheque or BACS request for payment. • The signatories should consider each cheque against the relevant invoice, sign the invoice and initial the cheque counterfoil. • No officer of the Council can sign cheques. • Payments are listed in the minutes of F and M Committee. • The ATC and TC maintain control of the cheque book at all times. Cheques will only be issued and signed for payments approved in F and M Meetings.
Payments made under Section 137 of the LGA	<ul style="list-style-type: none"> • A separate record of s137 and GPC payments is kept. The ATC calculates the maximum amount of s137 expenditure able to be made each year and



Rugeley Town Council

Statement of Internal Control

1972 or under the General Power of Competence	ensures that it is not exceeded. The proper Minute authorising expenditure from s137 is prepared on each occasion.
VAT reclaims	<ul style="list-style-type: none"> • The ATC ensures that all invoices are addressed to Rugeley Town Council. • The ATC maintains a VAT account and ensures that the correct amount of VAT is reclaimed throughout the year.
Income Controls	<ul style="list-style-type: none"> • All income is received and banked in the Councils name in a timely manner and reported to the Council. • The Town Clerk ensures that the amount of precept received is correct in accordance with the precept request sent to the district council. The Town Clerk ensures that the precept instalments are received when due.
Financial Reporting	<ul style="list-style-type: none"> • A budget control, comparing actual receipts and payments to the budget is prepared and presented to F and M Committee at least quarterly and recorded in the minutes.
Budgetary Controls	<ul style="list-style-type: none"> • The budget is prepared in consultation with the full council, as evidenced by reports and Minutes in advance of the start of the financial year. • The Precept request is submitted by the deadline dictated by the district council.
Payroll Controls	<ul style="list-style-type: none"> • The Town Council and Theatre Staff are paid under PAYE as employees of the Council and the necessary system for making payments to HMRC is in place. • The ATC ensures that the necessary payroll returns are made to HMRC and retains evidence that this has been done.
Office Expenses	<ul style="list-style-type: none"> • The Clerk and ATC submit requests for reimbursement of monies owing by way of an



Rugeley Town Council

Statement of Internal Control

	<p>expense sheet. These are dealt with through petty cash system.</p> <ul style="list-style-type: none">• The expense sheets are treated as an invoice for accounting purposes.
Asset Control	<ul style="list-style-type: none">• The Town Clerk maintains the full asset register.• The existence and conditions of all assets is checked on an annual basis by the Town Council.• The adequacy of insurance of the Councils assets is considered annually in advance of the insurance renewal.
Internal Audit	<ul style="list-style-type: none">• The Council annually appoints an independent internal auditor who provides a full report to the Council on Records, Procedures, Systems, Internal Control, Regulations, Risk management. The internal auditor will have planned and carried out the work necessary to give the assurances called for in Section 4 of the Local Councils Annual Return. The Council annual reviews its scope of work offered by the Internal Auditor.
External Audit	<ul style="list-style-type: none">• The Council submits an annual return to the external auditor.