

THATCHAM TOWN COUNCIL INTERNAL CONTROL POLICY

1. Scope of Responsibility

Thatcham 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 Council's 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 provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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

3.1 The Council

The Council has appointed a Chairman (Mayor) who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations and objectives and approves budgets for the following year at its January Full Council meeting. At the same meeting, the level of precept for the following financial year is approved.

The Council has established the Finance and General Purposes Committee. The Committee meets four 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 available to all Members of the Council and are a matter of public record. At each Finance and General Purposes Committee meeting, the Clerk will provide a budget monitoring printout from the Council's accounts software which shows each budget heading and funds available. This is accompanied by a verbal report from the Clerk at meetings with an explanation of income received and expenditure incurred.

The Full Council meets six times each year and monitors progress against its aims and objectives at its meetings by receiving minutes, recommendations and reports from the Council's committees.

The Council regularly reviews its internal controls, systems and procedures.

3.2 The Clerk/Responsible Financial Officer

The Council has appointed a Town Clerk (the Clerk) who acts as the Council's advisor and administrator. The Clerk is also the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances. The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

3.3 Payments - all payments are approved by Council.

All payments are made by electronic or direct debit payments and are subject to approval in accordance with the terms of the Council's Financial Regulations.

3.4 Risk Assessments/Risk Management

The Finance and General Purposes Committee reviews its Risk Management Policy and Risk Register annually and the Full Council regularly reviews its system and controls.

In addition, the Clerk will review risks regularly, including any newly identified risks, and will report to the Council or Finance & General Purposes Committee. The review will include the identification of any unacceptable levels of risk.

3.5 Internal Audit

The Council has appointed an independent, recognised and qualified internal auditor who reports to the Council on a biannual basis on the adequacy of its records, systems and procedures, internal controls, regulations and risk management.

3.6 External Audit

The Council's external auditors submit an annual Certificate of Audit which is presented to the Full Council.

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 Council
- The 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 Council's systems of internal control
- The Council's external auditor who makes the final check using the annual return, a form completed and signed by the Clerk/RFO, the chairman and internal auditor

4 STATEMENT OF INTERNAL CONTROL

CASH BOOK/BANK RECONCILIATIONS	The cash book is kept electronically on an accounting package (Omega) and kept up to date from original documents – receipts, invoices and bank statements. The cash book is reconciled to the bank statement each month. Once in each quarter and at each financial year end a Councillor will verify and sign the bank reconciliations and bank statements (for all accounts).
FINANCIAL REGULATIONS AND STANDING ORDERS	The Town Council has adopted Financial Regulations and Standing Orders based on the NALC models. Both are reviewed for continued relevance and amended where necessary via approval by the Town Council. The Council's System of Internal Control is ancillary to and underpins Financial Regulations and Standing Orders.
PROCUREMENT	Financial Regulations (together with the Standing Orders) provide a framework and set the procedures for dealing with contracts of certain values. Each purchase shall be approved in accordance with the levels of delegated authority set out in the Financial Regulations.

PAYMENT CONTROLS	As far as possible orders or purchases should be accompanied by a purchase order number. Each purchase order shall be approved in accordance with the levels of delegated authority set out in the Financial Regulations. All electronic and direct debit payments (including debit card payments) must be listed on the schedule of payments. All payments are reported to the Finance and General Purposes Committee via a quarterly schedule of payments.
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VAT RECLAIMS	The Finance Officer ensures that all invoices are addressed to the Town Council. The Finance Manager maintains a VAT account and ensures that the correct amount of VAT is reclaimed in the year and in the required time frames.
INCOME CONTROLS	All income is received electronically, either by bank transfer or credit/debit card payment. No cash or cheques are accepted. Individual receipts are issued when requested. All income received is reported to the Finance and General Purposes Committee. The Town Clerk ensures that the amount of precept received is correct in accordance with the precept request sent to West Berkshire District Council and ensures that the precept instalments are received when due.
FINANCIAL REPORTING	A budget control, comparing actual receipts and payments to the budget is prepared and presented to the Finance and General Purposes Committee quarterly.

BUDGETARY CONTROLS	The draft budget is prepared in consultation with the Finance & General Purposes Committee and approved by the Full Council at the January meeting and the level of precept is approved by the Full Council at the January meeting each year. The Precept request is submitted by the deadline dictated by West Berkshire District Council. The salary budgets are reviewed annually for the following financial year, as part of the draft budget setting process.
PAYROLL CONTROLS	All employees are paid under PAYE as an employee of the Council and the necessary system for making payments to HMRC is in place. The RFO ensures that the necessary pension returns are made to the Pension provider and retains evidence that this has been done. The payroll including amounts payable to HMRC and pension funds are listed on the schedule of payments. Each month, the Finance Manager checks the Annual Gross pay, Employers National Insurance and Employers Pension contributions against employees remuneration as per their contracted terms and conditions.
RISK ASSESSMENT	Risk Assessment for the Town Council is presented annually to the Finance & General Purposes Committee for review and approval.

ASSET CONTROL	The Finance Manager maintains a full asset register. The existence and conditions of assets are checked on an annual basis by the Town Council. The adequacy of insurance of the Town Council's assets is considered annually in advance of the insurance renewal. The insurance schedule is checked annually before being renewed.
INTERNAL AUDIT	The Council annually appoints a recognised internal auditor who provides a report to the Council twice a year. 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 Town Council reviews the scope of work offered by the internal auditor.
EXTERNAL AUDIT	The Council submits an Annual Return to the external auditor in a timely manner.
POLICY AND DECISION MAKING	The facilitation of policy and decision-making is through the establishment of the Finance & General Purposes Committee and the Full Council. Committees function within approved Terms of Reference that are reviewed annually. Meetings are open to the public except where personal or confidential matters are being discussed in accordance with the relevant legislation.

Adopted by Thatcham Town Council on XXXXXX (Minute: XXXX)

To be reviewed: XXXX