



# Crediton Town Council

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## STATEMENT ON INTERNAL CONTROL FOR THE YEAR ENDING 31 MARCH 2021

### SCOPE OF RESPONSIBILITY

Crediton Town Council (CTC) is a local authority funded largely by public money. It is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, CTC is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

### 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 ongoing process designed to identify and prioritise the risks to the achievement of CTC'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.

The system of internal control has been in place for the year ending 31 March 2021 and up to the date of approval of the annual accounts and accords with proper practice as set out in the Governance and Accountability for Local Councils Practitioners' Guide (England).

### THE INTERNAL CONTROL ENVIRONMENT

#### The Council

CTC has appointed a Chairman, who is also the Mayor, who is responsible for the smooth running of meetings. For the year ending 31 March 2021 this was Councillor Mr Frank Letch.

CTC reviews its obligations and objectives and approved a budget for the financial year 2020-21 at its meeting held on Tuesday 21 January 2020 (minute number 2001/155). This meeting of the Council also approved the level of precept for the financial year 2020-2021 (minute number 2001/157).

CTC and its Committees monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of the meetings are circulated to all members of the Council and are published on the Town Council's website: [www.crediton.gov.uk](http://www.crediton.gov.uk).

Full Council meets on a bi-monthly basis and receives the minutes of all Committees and ratifies the decisions therein. CTC also monitors progress by receiving relevant reports from Council Committees, Councillors and the Town Clerk & Responsible Financial Officer.

No expenditure may be incurred which cannot be met from the amount provided in the appropriate Committee revenue budget unless a virement has been approved by the Council. The Clerk may incur expenditure on behalf of the Council, which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500 as per CTC's adopted Financial Regulations. The Clerk shall report the action to the appropriate Committee or Council as soon as practicable thereafter.

CTC has appointed specific Councillors to review its internal controls, systems and procedures by way of random internal control checks conducted on a monthly basis.

### **Clerk to the Council / Responsible Financial Officer**

CTC has appointed a Clerk to the Council who acts as the Council's 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 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.

### **Payments**

All expenditure must be authorised by CTC or by a Committee having delegated authority, or by the Clerk after consultation with the appropriate Chair. The list of orders is available for inspection by any member of the Council on demand.

All payments and receipts are entered onto Scribe Accounting System.

All receipts and payments are reported to CTC. A copy of all receipts and payments is kept with the minutes of the Council meeting when they are approved, together with the bank reconciliation and year to date budget sheet. Two members of the Council must sign off every order for payment. The signatories check each order for payment against the relevant invoice and initial the invoice where indicated by the certification stamp. Payments are either made by BACS or by cheque.

CTC also checks the bank reconciliation against the bank account and the year to date budget sheet at each Council meeting.

### **Income**

All income is received and banked in CTC'S name in a timely manner and reported to the Council.

A copy of all payments and receipts is also separately published on CTC's website: [www.crediton.gov.uk](http://www.crediton.gov.uk).

### **Contracts**

Procedures as to contracts are laid down in the Council's Standing Orders and Financial Regulations, and oversee all contract procedures.

### **Risk Assessments / Risk Management**

CTC carries out regular risk assessments to record risks and related health and safety, employment and insurance issues. The Clerk will report on risk assessments for consideration and action.

### **Internal Audit**

The Council appointed Auditing Solutions Ltd as its independent internal auditor for 2020-21 who has reported on the adequacy of its records, procedures, systems, internal control and risk management.

### **External Audit**

The Council's appointed external auditor for 2020-21 is PKF Littlejohn LLP. Following completion of external audit the annual Certificate of Audit is provided, which is presented to Full Council. The notice of conclusion of audit & annual return is also published on the Council's website.

### **REVIEW OF EFFECTIVENESS**

CTC has responsibility for conducting an annual review of the effectiveness of its systems of internal control. The review of the effectiveness of the system of internal control is monitored and informed by:

- The Town Clerk/Responsible Financial Officer
- The work of officers reporting to the Town Clerk (The Responsible Financial Officer)
- The work of the Independent Internal Auditor
- The External Auditors in their annual letter
- Those elected Members with designated responsibility within this area

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

We are satisfied on all accounts that our arrangements are effective and meet expected standards. Council approved the Statement of Internal Control on 16 March 2021.

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**(Chairman)**

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**Date**

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**(Town Clerk & Responsible Financial Officer)**

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**Date**