Kenilworth Town Council

Jubilee House, Smalley Place, Kenilworth, CV8 1QG

Telephone: 01926 859155

E-mail: kentc@kenilworth.org

Town Clerk: Miss M S Field

INTERNAL CONTROLS POLICY

Date of Approval – 29 February 2024

Date of Review – February 2027

1. Introduction

1.1 Kenilworth Town Council is responsible for ensuring that its business is conducted ethically and in accordance with the law, and that public funds are safeguarded, properly accounted for, and used economically, efficiently and effectively in the public interest.

1.2 The Council's Standing Orders (including Financial Regulations and Committee terms of reference) set parameters for the Council's operations. In discharging this overall responsibility the Council, through the Responsible Finance Officer, will comply with Regulation 4 of the Accounts and Audit (England) Regulations 2011. This imposes a duty on local councils to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".

2. The Purpose of the System of Internal Control

2.1 Internal controls have four primary purposes:

- to protect the Council's assets,
- to ensure records are accurate,
- to promote operational efficiency, and
- to encourage adherence to policies and procedures.

2.2 Kenilworth Town Council's accounting control systems include measures:

- for the timely production of accounts;
- that provide for the safe, efficient and ethical safeguarding of public money;
- to prevent and detect inaccuracy and fraud; and
- identifies the duties of officers.

3. The Internal Control Environment

3.1 Kenilworth Town Council has adopted many general and specific internal control measures to ensure compliance with its responsibilities. The Council has established the following general internal control systems with specific measures detailed in Appendix A:

- Division of Duties

Whenever possible, a division of duties is adopted by the Council. For example, the payment schedule is prepared by the Administrative & Facilities Officer, checked by the Deputy Town Clerk, finalised by the Town Clerk and approved for payment by the Chair and Deputy Chair of the Finance & General Services Committee before payment is made. A full report is then provided to the Town Council.

- Council Policies including Standing Orders and Financial Regulations

All Council policies are agreed by the Full Council and include committee Terms of Reference. These are reviewed every two or three years by the Deputy Town Clerk and the Standing Orders & Policies Working Group before being put before Full Council for approval. Standing Orders and Financial Regulations are reviewed annually by the full Town Council.

- Budget Setting and Monitoring

The Annual Budget is approved by Full Council in January each year following detailed scrutiny by the Finance & General Services Committee from October onward.

The Town Clerk produces the following reports: Detailed Income & Expenditure (I & E) report, Balance Sheet, Trial Balance and Receipts & Payments on a monthly basis generated from our accounting system Rialtas, which are considered at each Full Council meeting.

- Independent Internal Auditor

The appointed Internal Auditor is independent of the Council. The internal auditor visits the Council and provides quarterly reports which are scrutinised by the Responsible Finance Officer and the Chair and/or Vice Chair of the Finance & General Service Committee. These reports are presented at the Finance & General Services Committee meetings where a standing Item is included to discuss any issues raised.

The Internal Auditor also completes a certificate to be submitted with the Annual Return as part of the annual external audit.

- External Audit

The External Auditor is independently appointed. The external Auditor examines the Annual Return and other documents specifically requested from the Council.

- Annual Return

The AGAR is completed by the Town Clerk/Responsible Finance Officer each year and presented to Full Council. The Full Council must approve the Accounting Statements and Annual Governance Statement by resolution prior to it being forwarded to the External Auditor.

- Asset Register

Kenilworth Town Council maintains a Register of Assets and ensures that major assets are periodically valued to ensure adequate insurance is held. The register is kept up to date by the Deputy Town Clerk, formally reviewed annually and published as an agenda enclosure for approval by Full Council.

- Insurance Policy

An insurance policy is purchased each year and includes cover for assets, Public Liability, Employer's Liability and Fidelity Guarantee.

The Insurance Policy and Assets Register are reconciled annually to ensure adequate cover. Every three years the Policy is put out to tender to obtain the best value.

- Risk Management

Kenilworth Town Council reviews the Council's Financial & Management Risk Assessment twice yearly in May and September. A report is made to the Finance & General Services Committee and the assessment published. Other more specific risk assessments are reviewed by the Council periodically.

- Protection of data

Under the Data Protection Act 2018 and General Data Protection Regulations (May 2018), the Council is registered with the Information Commissioner's Office and the Town Clerk is the designated Data Controller. Individual computers are password protected and all data is regularly backed-up.

4. <u>Day to Day Procedures</u>

Kenilworth Town Council has many day to day procedures and checks to ensure accurate and full record keeping as follows:

4.1 Cash Handling

Petty cash of £200 is held by the Council Office within the safe. Any additional cash received into the Council Office, e.g., in respect of a Castle Pass Application, is immediately deposited into the safe and banked at regular intervals by the Administrative and Facilities Officer. Cash received is inputted into the receipts book and the Rialtas accounting system which provides monthly reports for Full Council.

The Council Office is within a secure building that can only be accessed by authorised keyfob entry. The office itself can only be accessed by secure keypad entry.

4.2 Purchasing and Creditor Payments

Expenditure is authorised in accordance with the stipulated budget. A purchase order is raised with a unique reference number where required.

The Administrative & Facilities Officer will prepare a schedule of payments requiring authorisation and, together with the relevant invoices, it will be checked by the Deputy Town Clerk before coding by the Town Clerk. The schedule and invoices will then be sent to the Chair and Vice Chair of the Finance & General Services Committee (or other signatories) for approval and signature.

Creditor invoices are inputted into the manual income book and the Rialtas accounts system by the Administrative & Facilities Officer, and checked by the Town Clerk before the month is closed. The Town Clerk actions the electronic payments and all data is included in the monthly reports for Full Council.

4.3. Invoicing

The Town Clerk raises invoices e.g. for room hire and allotment rental. Copy invoices are filed. Payments are receipted and banked by the Administrative & Facilities Officer. Bad debts are pursued by the Town Clerk.

4.4. Signatories

The Council nominates six signatories for each bank account, any two of which can sign cheques, direct debit mandates, payment schedules, banking subscription and redemption forms.

4.5. Bank Reconciliation

The individual bank reconciliations and consolidated bank reconciliation are completed by the Administrative & Facilities Officer. These are monitored by the Town Clerk and included in the monthly reports to Full Council.

4.6. Statutory Notices

Statutory Notices are displayed on the Council's noticeboards and website in a timely manner.

Appendix A

This table includes a list of specific measures taken by Kenilworth Town Council demonstrating that the Council has arrangements in place to ensure it's systems of internal control are fully documented, and gives details of how these are administered and monitored.

The table can be used as a template for an annual review to ensure compliance.

System of internal control	**Confirmation**	**Details and Monitoring**
1. Appointment of Clerk and Responsible Finance Officer (RFO)	Clerk and RFO appointed to post May 2015	Council reviewed eligibility and resolved to adopt General Power of Competence in June 2023. (TC.31)
2. Adoption of Code of Conduct for Members	New Code of Conduct adopted in September 2022	Resolution to adopt new LGA Code of Conduct made on 7/4/22 with effect from 1/5/22. (TC. 740)
3. Standing Orders and Financial Regulations (adoption and review)	The NALC standard version of both Standing Orders and Finance Regulations have been adopted by the Council. These are supplemented by additional Policies and Procedures	Finance Regulations are reviewed annually. They were last reviewed on 27/7/2023 and amended. (TC. 54) The Standing Orders and Policy Working Group were appointed at the Annual Meeting on 18/5/23 (AM. 07)
4. Financial and Management Risk Assessment (adoption and review)	The Council regularly reviews its Risk Management	Formal review of Risk Managements by Full Council on 9/6/2022 (TC. 767) Members passed a resolution to increase our review of Risk Management to twice yearly – May and September.
5. Asset Register and annual review of accuracy	Asset register is reviewed throughout the year as a working document and formally updated annually.	Reviewed by officers and published as an agenda enclosure for approval. This is prepared at the end of the financial year and submitted to Full Council alongside the Year End Accounts.
6. Annual review of effectiveness of internal controls	Clerk provides report detailing Annual Governance Statement & Return of accounts, which	Members consider at Town Council meeting when approving governance and Accounts.

	gives guidance to Members of the evidence of the Council's compliance.	
7. Reappointment and review of the effectiveness of the internal auditor	David Phillips of Phillips & Becker is currently appointed and attends the Town Council offices every quarter to carry out checks. He signs and verifies bank reconciliations and the bank statements, crosschecks the Cash Book for payments and receipts, with all invoices, receipts and paperwork. Receipts for any petty cash items are checked including the VAT element which can be reclaimed. Payroll is checked and that the bank net salaries agree with the payroll analyses and reports. He then checks the PAYE and Pensions sums against the reports, checks the quarterly VAT return, and that entries match paperwork and the amount on the return matches with our VAT Control account number.	Full Council confirms the annual appointment of the Internal Auditor. The Internal Auditor produces and submits quarterly reports. Reports are submitted to the Chair & Vice Chair of the Finance & General Services Committee, and are Standing items on the Agenda for discussion and review.
8. Review of internal audit arrangements and implementation of any recommendations	The auditor reports to Council on a quarterly basis following his visit. Advice is sought from the Internal auditor regarding issues that may arise, including relating to VAT, and other tax matters.	All Finance & General Services Committee meetings include a standing Item to discuss any issues raised by the Internal Auditor following his quarterly visit. The RFO and Chair of Finance routinely discuss the report submitted and any issues that are raised for action.
9. Safe and efficient arrangements to safeguard public money	Finance Regulations set out all procedures to follow. Supplemented by additional policies including the Assets & Investment policy and Financial Reserves Forecast reports.	An Asset and Investment Policy was drafted and adopted by Full Council on 9/6/22. (TC. 780) The RFO is the sole officer with access to the online banking system for accessing account

		details and transactions, and for making payments.
10. Regular scrutiny of financial records and proper arrangements for the approval of expenditure	An annual review / confirmation of signatories authorised to approve payment schedules and sign cheques takes place.	Payment schedules are drawn up and forwarded to two of six signatories along with all accompanying invoices. Written confirmation is received by the RFO before payments are made by BACS. Confirmation is filed. An annual review of signatories takes place. Approval of monthly expenditure takes place at each Full Town Council meeting and all payments over £500 are published on the Town Council website
11. Adherence to the internal financial control systems detailed in the financial regulations	The Council's Finance Regulations are regularly reviewed and updated as necessary, e.g. setting financial authority and limits on spending and addressing areas that may lead to non-compliance. In areas such as Procurement, or large sums of expenditure, professional advice is sought. Where additional Policies are adopted that refer to financial matters, these are referenced to the Finance Regulations.	Kenilworth Town Council's Finance Regulations are followed and for any contracts valued at £25,000 or more the Council has arranged for professional support and due diligence checks to be undertaken on its behalf. Finance Regulations were last reviewed and amended on 27/7/2023. (TC. 54) Internal control documentation includes Standing Orders and policies/procedures and Financial Regulations. At the Annual meeting on 18/5/23 the Council appointed Members of a Standing orders and Policies Review Working Group to routinely review existing policies and recommend/draft new Policies for adoption by Full Council. (AM.07) Internal control also requires Members to act as signatories to cheques and for payment authorisation, both for schedules for electronic payments to be made and for cheques. A list of designated banking signatories is drawn up (from a Resolution) as a

		Mandate and their signatures are lodged at the bank. These Members can also sign Staff claims for mileage.
12. Scrutiny of calculations provided by RFO in relation to monthly payroll	To provide continuity, it is desirable that the Chair & Vice Chair of Finance are approached first with payment schedules that include salary payments.	Pay slips are reviewed by two Member signatories and confirmation given in writing to the Clerk before salary payments are authorised, and then paid.
13. Regular employer returns to HM Revenue and Customs	Regular / monthly returns made to HMRC re Payroll, all staff have employment contracts, with a sound system of updating changes	An external payroll professional is contracted to process salaries and pensions, and salary related documentation. (Accountable Solutions) The Clerk confirms all instructions in writing and checks the reports.
14. Completion of quarterly VAT return and the RFO ensuring they are up to date in matters of VAT and other taxation issues as necessary	Regular quarterly VAT returns submitted. RFO regularly reviews updates and attends relevant officer VAT training.	Quarterly returns submitted. RFO attended training course “The basics and making VAT digital” SLCC training course on 14/2/23. Recorded on CPD training log and course training handouts shared with colleagues.
15. Regular budget monitoring statements provided to council	Kenilworth Town Council uses the Rialtas Accounting system and produces a set of reports after the monthly bank reconciliation has taken place.	The following monthly reports are provided as Enclosures to the Full Council meeting agenda and published on our website: Detailed Income & Expenditure (I & E) report, Balance Sheet, Trial Balance, Receipts and Payments from Cashbook
16. Preparation and dissemination of regular financial reports comparing actual expenditure against forecasts		I & E Reports shared with Members show comparison against budget, actual year to date, variance, funds available and movement to / from EMRs Financial Reserves Forecast report prepared and considered twice yearly.

		"Technical Budget" is prepared by RFO and Chair of Finance together and submitted to Group Leaders for discussion with their political parties, prior to budget setting item on the Finance & General Services Committee Agenda.
17. Regular review of such reports by officers, and by members in Committee and Council	Council reviews its obligations, budgets and the level of precept and reserves required for the following year	The Finance & General Services Committee meet four times a year. The Financial Reserves Forecast report is prepared and considered twice yearly
18. Procedures for dealing with and monitoring the Council's Community Grants scheme and CIL funding applications	There is a policy in place for Minor and Major Grants, including forms and requirement for interview. A CIL policy is also in place.	Project Support Grants Policy in place – 19/10/23 (TC. 114) Regular Monitoring re reports received CIL Policy revised and approved on 8/9/22 (TC. 829)
19. Minutes properly numbered with a master copy kept in safekeeping	Minutes are properly numbered and paginated with a master signed copy kept and bound	Minutes are kept in a secure, locked location and are regularly bound.
20. Procedures for document receipt, circulation, response, handling and filing	Officers refer to published guidance for document retention and filing.	Hard copy filing system is secure in locked environment. Email accounts are monitored regularly by officers and correspondence actioned according to agreed standards.
21. Procedures in place for recording and monitoring Members' Registers of Interests and recording any Gifts and Hospitalities received	New Code of Conduct issued to Members clearly sets out requirements. Clerk and WDC Monitoring Officer are available to give advice and support re interests to be registered and whether Gifts/Hospitality need to be declared.	The Town Clerk regularly reminds Members to advise of any updates to their Interests forms. Forms are shared with Warwick District Council's Monitoring Officer and are published on the WDC website and on the KTC websites. Forms are available from the Town Clerk to record any Gifts and Hospitality received totalling more than £50
22. Procedures in place for staff and Chair of F&GS to keep up to date with best	Annual WALC conference and additional adhoc training courses available	The Town Clerk/RFO and the Chair of Finance to take part in the

practice internal control for Councils. Councillors to keep up to date on the Council's finances and budget-setting process.	for staff through WALC, NALC and SLCC. Pre-arranged briefings for Councillors.	Annual WALC conference and any adhoc training as required. Briefings held with Councillors, focussing on new Councillors in October 2023, to discuss the Council's finances and related procedures. Delivered by the RFO.