

## **Saxmundham Town Council – Internal Controls Statement 2022/2023**

### **1. Scope of Responsibility**

Saxmundham Town 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.

The Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which 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 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 effectively.

### **3. The Regulatory Framework**

The Accounts & Audit (England) Regulations 2015 aims to strengthen governance and accountability through requirements related to internal control and internal audit. Whilst the Council has reviewed the effectiveness of the internal audit (independence, competence, proportionate and scope) it has a requirement levied on it to ensure that its financial management is adequate and effective and that it has a sound system of internal control:

*'The regulations require active participation by members in providing positive assurance to the electors of their stewardship of public money. The framework of accountability is risk-based ie the level of control and management must be appropriate to the risk involved. The Town Council must determine the most appropriate method of internal control....care should be taken to ensure that internal control tests are proportionate and relevant and that they are not seen as, nor intended as, undue interference in the RFO's day to day management of financial affairs.'*

The Local Government Transparency Code 2014 sets out a Code of Recommended Practice for the publication of information by local authorities about the discharge of their functions. In the Code, 'local authority' includes a Parish or Town Council which has gross annual income or expenditure (whichever is the higher) exceeding £200,000. The Code sets out the information the local authority must publish.

#### 4. The Internal Control Environment

The Council reviews its obligations and objectives and approves budgets, and the level of precept, for the following financial year at its December or January meeting. The Council has appointed a Resources Committee which meets monthly during the 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 Resources Committee are tabled for approval at monthly full Council meetings. A Councillor is appointed to have responsibility for bank reconciliation checks. The Council conducts an annual review and approval of its internal controls, systems and procedures.

The Council has appointed a Town Clerk to the Council who is the Proper Officer and acts as the Council's advisor and administrator. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to. The Town Clerk is supported by the Assistant Town Clerk and the Responsible Financial Officer who is responsible for administering the Council's finances.

The Council has a responsibility to conduct an annual review of the effectiveness of the system of internal controls via the following tests. A written report of the findings is submitted to the Resources Committee and the Council and minuted as received.

Control Test	Comments
Ensure the Asset Register is up to date.	<ul style="list-style-type: none"> <li>• The Asset Register was reviewed and approved by the Council at its meeting on 14/03/22.</li> <li>• The updated Asset Register will be tabled for approval by the Council at its meeting on 13/03/23.</li> <li>• The RFO updates the register as required.</li> <li>• A physical review of the assets listed on the register was undertaken by the Caretaker and the RFO during March 2023.</li> <li>• <b>Outstanding</b> – Review Asset Registers for the Market Hall and Gannon Rooms.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Outstanding</b> – check Council possesses Title Deeds for all land ownership.</li> </ul>
Regular maintenance arrangement for physical assets.	<ul style="list-style-type: none"> <li>• Play equipment safety inspections for Chantry Road, Memorial Field and Seaman Avenue were conducted by ROSPA on 03/10/22.</li> <li>• ROSPA reports were reviewed by the Amenities Committee at its meeting on 01/11/22 and actions are ongoing and under consideration.</li> <li>• Weekly checks of play equipment are undertaken by a competent person, the Environment Coordinator, using a checklist.</li> <li>• <b>Outstanding</b> – ROSPA training for the Environment Coordinator.</li> <li>• <b>Outstanding</b> – maintenance plans for all other assets to be created and approved by the Amenities Committee.</li> <li>• A Capital Replacement Fund of £30,000 was established during the financial year.</li> </ul>
Annual review of risk and the adequacy of insurance cover, including public liability, employers' liability and the fidelity guarantee.	<ul style="list-style-type: none"> <li>• Council reviewed and approved the insurance cover at its meeting on 28/02/22.</li> <li>• The Council has a long-term undertaking of 3 years expiring on 22/04/24.</li> <li>• Fidelity guarantee increased to £250,000 in July 2022 following a recommendation from the previous year's internal audit.</li> </ul>
Annual review of the Risk Assessment, including financial risk.	<ul style="list-style-type: none"> <li>• Council reviewed and approved the Risk Assessment at its meeting on 17/11/22.</li> </ul>
Awareness of Financial Regulations.	<ul style="list-style-type: none"> <li>• Council reviewed and approved the Financial Regulations at its meeting on 13/02/23.</li> <li>• Legislative changes to the Financial Regulations are received from the Suffolk Association of Local Councils, implemented by the RFO, and approved by the Resources Committee and the Council.</li> </ul>
Awareness of Standing Orders.	<ul style="list-style-type: none"> <li>• Council reviewed and approved the Standing Orders at its meeting on 17/11/22.</li> <li>• Legislative changes to the Standing Orders are received from the Suffolk Association of Local Councils, implemented by the RFO, and approved by the Resources Committee and the Council.</li> </ul>
Regular review of contracts.	<ul style="list-style-type: none"> <li>• Utilities and telephony contracts reviewed by the RFO during the financial year – no changes made.</li> </ul>

	<ul style="list-style-type: none"> <li>• Vegetation management contracts were reviewed by the Amenities Committee at its meeting on 25/04/2022.</li> <li>• <b>Outstanding</b> - review of other contracts - Red Dune, Herringbone Design, Designfolk, website hosts, Binder, PHS Group.</li> </ul>
Regular bank reconciliations, independently reviewed.	<ul style="list-style-type: none"> <li>• Bank reconciliations are reviewed by the Resources Committee at its monthly meetings and approved and signed by a non-signatory.</li> </ul>
Regular scrutiny of financial records and proper arrangements for the approval of expenditure.	<ul style="list-style-type: none"> <li>• Payments are made by online bank transfer or by direct debit. The RFO enters the payments and they are authorised by two Councillors.</li> <li>• Any payments made by cheque are signed by two Councillors and the counterfoils are initialled.</li> <li>• The authorised signatories consider each payment against the relevant invoice and initial the invoice before authorising the payment.</li> <li>• Four authorised signatories are appointed for each bank account.</li> <li>• The Resources Committee scrutinises the financial records and approves or ratifies all expenditure at its monthly meetings.</li> <li>• Council reviews all expenditure at its monthly meetings.</li> <li>• Quotations are considered and approved the Amenities Committee and the Resources Committee.</li> <li>• <b>Outstanding</b> – Rialtas training for the Town Clerk in case of temporary RFO cover.</li> </ul>
Recording in the minutes the precise powers under which expenditure is being approved.	<ul style="list-style-type: none"> <li>• Every item of expenditure has the power recorded and is reviewed by the Resources Committee at its monthly meetings.</li> </ul>
Payments supported by invoices, authorised and minuted.	<ul style="list-style-type: none"> <li>• Every item of expenditure is supported by an invoice which is scrutinised by the RFO and authorised by two signatories before payment.</li> <li>• Every item of expenditure is reviewed by the Resources Committee and the Council at their monthly meetings.</li> </ul>
Ensure the maximum amount of s137 expenditure is calculated annually and reported to the Council.	<ul style="list-style-type: none"> <li>• Resources Committee noted the maximum amount of s.137 expenditure for the financial year 2022-2023 at its meeting on 30/01/23.</li> </ul>
Regular budget monitoring statements reported to the Council.	<ul style="list-style-type: none"> <li>• Resources Committee reviews income and expenditure accounts, budget versus actual and forecasts at its monthly meetings.</li> </ul>

	<ul style="list-style-type: none"> <li>• Budgetary control and authority to spend are detailed in the Financial Regulations.</li> </ul>
Regular scrutiny of income records to ensure income is correctly received, recorded and banked.	<ul style="list-style-type: none"> <li>• Income is reported to the Resources Committee and the Council at its monthly meetings.</li> <li>• Recording of income is reviewed by the Resources Committee at its monthly meetings.</li> </ul>
Ensure Annual Budget for the following financial year is approved.	<ul style="list-style-type: none"> <li>• Council reviewed and approved the budget for the financial year 2023-2024 at its meeting on 16/01/23.</li> </ul>
Ensure Precept, based on the Annual Budget, for the following financial year is approved.	<ul style="list-style-type: none"> <li>• Council reviewed and approved the precept for the financial year 2023-2024 at its meeting on 16/01/23.</li> </ul>
Contracts of employment for staff annually reviewed.	<ul style="list-style-type: none"> <li>• All staff contracts are in place.</li> <li>• <b>Outstanding:</b></li> <li>• An annual review of all staff contracts will be undertaken by the Town Clerk, in conjunction with the Assistant Town Clerk and the RFO, to ensure staff contracts are up-to-date and compliant with current legislation.</li> </ul>
Ensure PAYE/NIC/Pensions properly operated by the Council as an employer.	<ul style="list-style-type: none"> <li>• Payroll is outsourced to an independent and competent administrator - Suffolk Association of Local Councils.</li> <li>• Pensions are outsourced to an independent and competent administrator – Nest.</li> <li>• Council re-declared compliance with the Pensions Regulator on 10/10/22.</li> </ul>
VAT correctly accounted for VAT payments identified, recorded, and reclaimed.	<ul style="list-style-type: none"> <li>• VAT is reclaimed digitally each quarter via Rialtas.</li> <li>• <b>Outstanding</b> – review of legislation regarding VAT recovery for the Market Hall and Gannon Rooms.</li> </ul>
Regular financial reporting to the Council.	<ul style="list-style-type: none"> <li>• Monthly reporting to the Resources Committee and full Council.</li> </ul>
Ensure the effectiveness of the Internal Audit has been reviewed.	<ul style="list-style-type: none"> <li>• The Council appoints an independent and competent internal auditor from the Suffolk Association of Local Councils.</li> <li>• The internal auditor reports to the Council annually on the adequacy of its record keeping, procedures, systems, internal controls, compliance with regulations and risk management.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Council is audited by an independent external auditor, PKF Littlejohn LLP, who present an annual certificate to the Council.</li> <li>• The review of the effectiveness of the internal audit is covered by the Risk Assessment and this Internal Control Statement.</li> </ul>
<p>Ensure compliance with Local Government Transparency Code 2014.</p>	<ul style="list-style-type: none"> <li>• Information to be published quarterly:</li> <li>• Expenditure exceeding £500 – <b>outstanding</b> - all expenditure to be published on the Council website monthly as an appendix to the Resources Committee minutes.</li> <li>• Procurement information – <b>outstanding</b> – to be undertaken next financial year.</li> <li>• Information to be published annually:</li> <li>• Local authority land – published on the Council website annually within the Asset Register.</li> <li>• Grants to voluntary and community organisations – published on the Council website monthly within the Resources Committee minutes – <b>outstanding</b> – an annual summary to be published on the Council website.</li> <li>• Organisation chart – <b>outstanding</b> – committee structure and staff organisation chart to be published on the Council website.</li> <li>• Constitution – Standing Orders reviewed annually and published on the Council website.</li> <li>• Pay Multiples – <b>outstanding</b> – to be calculated and published on the Council website.</li> <li>• All other annual publishing requirements are not applicable.</li> <li>• Information to be published once:</li> <li>• <b>Outstanding</b> – waste collection contracts to be published on the Council website.</li> </ul>
<p>CIL reporting to the Council and the District Councils is in accordance with the legislation.</p>	<ul style="list-style-type: none"> <li>• CIL receipts are reported to the Resources Committee and the Council when received.</li> <li>• CIL expenditure is considered and approved by the Resources Committee.</li> <li>• Annual reporting of CIL receipts and expenditure by 31/12/2022 was submitted to the District Council and published on the Council website.</li> </ul>

CIL expenditure is in accordance with the legislation.	<ul style="list-style-type: none"> <li>• CIL expenditure during the financial year was considered and approved by the Resources Committee and the Amenities Committee on infrastructure items only.</li> </ul>
Ensure the Council is compliant with the General Data Protection Regulation.	<ul style="list-style-type: none"> <li>• Paper records are kept securely in a clear, identifiable filing system.</li> <li>• The Council has adopted the following policies:</li> <li>• Model Publication Scheme under the FOIA 2000 – approved by Council at its meeting on 13/02/2023 and published on the Council website.</li> <li>• Information Protection Policy – approved by Council at its meeting on 14/05/2018.</li> <li>• Data Breach Procedure – approved by Council in June 2019.</li> <li>• Privacy Notice – published on the Council website.</li> <li>• <b>Outstanding:</b></li> <li>• All current GDPR policies to be reviewed by the RFO, tabled for the Council’s approval, and published on the Council website.</li> <li>• The following policies are to be drafted by the RFO, tabled for the Council’s approval, and published on the Council website:</li> <li>• Subject Access Request Policy,</li> <li>• Personal Data Audit,</li> <li>• Data Retention and Disposal Policy.</li> <li>• Paper and records are to be reviewed and rationalised by all staff.</li> <li>• Staff training to be delivered by the RFO on the need to consider undertaking Data Protection Impact Assessments.</li> </ul>
Ensure the Council is registered as a Data Controller with the ICO.	<ul style="list-style-type: none"> <li>• Council’s registration was renewed on 09/11/22.</li> <li>• Registration reference: ZA084593.</li> </ul>
Ensure minutes are consecutively numbered and paginated with a master copy kept in for safekeeping.	<ul style="list-style-type: none"> <li>• Minute items for Committee and full Council are consecutively numbered.</li> <li>• Minutes are stored online and in hard copy in the office.</li> </ul>
Procedures in place for recording and monitoring Members’ Interests and Gifts of Hospitality.	<ul style="list-style-type: none"> <li>• Every Councillor has completed and submitted a Register of Interests to the District Council.</li> <li>• The Registers of Interests can be viewed on the District Council website.</li> </ul>

	<ul style="list-style-type: none"> <li>• Members take individual responsibility to update their Register as required.</li> <li>• Members are asked to declare any interests relating to items on the agenda at every meeting and these are minuted.</li> <li>• Members who declare interests at meetings are not permitted to take part in voting on the relevant agenda item.</li> <li>• No Gifts of Hospitality were accepted during the year.</li> </ul>
Adoption of the Code of Conduct.	<ul style="list-style-type: none"> <li>• Council adopted the LGA Model Councillor Code of Conduct 2020 at its meeting on 13/06/2022.</li> </ul>
Completion of Declaration of Acceptance of Office for Chair and Co-Opted Members.	<ul style="list-style-type: none"> <li>• All members, included the Chair, completed and signed Declarations of Acceptance of Office.</li> </ul>

Report of system of Internal Controls reviewed by the Town Council at its meeting on 13<sup>th</sup> March 2023.