



# **BRIDGEND TOWN COUNCIL**

## **STATEMENT OF INTERNAL CONTROL**

Date of Full Council Approval: 20<sup>th</sup> May 2019

Finance Committee Review Date: 6<sup>th</sup> October 2020

*Town Clerk – Leanne Edwards*

*Deputy Town Clerk and RFO – Debra Jones*

## **1. Introduction**

It is the responsibility of Bridgend Town Council to ensure that its business is conducted in accordance with the law and proper standards, and that public money and assets are safeguarded, properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility Bridgend Town 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 which includes arrangements for the management of risk.

The Council is required by law to review at least annually the effectiveness of its systems of financial control.

## **2. The purpose of the System of Internal Control**

Bridgend Town Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- a) identify and prioritise the risks to policies, aims and objectives
- b) to evaluate the likelihood of those risks being realised, and the impact should they be realised
- c) to manage them effectively and economically

The system of internal control accords with the practices set out in the Governance and Accountability in Local Councils: A Practitioners' Guide (2019 edition).

## **3. The Councils Internal Controls**

### **a) The Council**

The Council annually elects a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.

Bridgend Town Council reviews its functions and obligations and approves budgets for the following year at its November full Council meeting. The November meeting of Bridgend Town Council also approves the level of precept for the following financial year.

The full Council meets eleven times each year and monitors the progress of its functions and obligations at each meeting by receiving minutes, recommendations and reports from the:

- Finance Committee
- Personnel Committee
- Planning Committee
- Regeneration Committee

- Community Engagement and Well-being Committee
- Clerk / Deputy Clerk and RFO

Bridgend Town Council Finance Committee meets five times during the financial year. Members of the Committee monitor progress of projects, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. The minutes of the meetings of the Committee are circulated to all Members of the Council and are a matter of public record.

**b) Town Clerk / Deputy Town Clerk and RFO**

Bridgend Town Council has appointed a Town Clerk and Deputy Town Clerk/RFO to the Council who act as the Councils advisors and administrators. The Deputy Clerk as the Councils Responsible Financial Officer manages and administers the Council's finances. The Clerk and Deputy Town Clerk/RFO are responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks as well as ensuring adherence to the Councils procedures and policies.

**c) Payments**

Where possible payments are made electronically, significantly reducing the number of cheques issued by Bridgend Town Council.

A payment can only be made following inclusion and approval of the Weekly Expenditure Report. The Weekly Expenditure Report is prepared by the Finance Officer or Deputy Town Clerk/RFO in the absence of the Facilities Officer, and signed by the Deputy Town Clerk/RFO or by the Town Clerk in the absence of the Facilities Officer or Deputy Town Clerk/RFO and one additional authorised signatory.

The authorised signatories are provided with proof of payment details of new recipients and copies of invoices at the point of payment authorisation.

All payments are reported to Council.

**NOTE:** Due to the COVID-19 Pandemic, staff and Members were unable to physically meet at the Council Offices to print and sign the Weekly Expenditure Reports. The payments process was therefore moved online as agreed by \*\*\* with authorisation being sought and recorded by email.

The audit trail is to be printed and filed when restrictions allow.

**d) Income**

All cash and cheques received are recorded and banked as soon as possible.

**e) Bank Accounts**

Banking Services are provided by the following:

Account Name	Account Access
Treasures Account – Bridgend Town Council	Cheque Book / Online
Business Instant Access Account	Online
Treasures Account – BTC Arts and Culture	Cheque Book / Online
<del>Short-term Investment – Nationwide</del>	<del>Online</del>
<del>Public Sector Deposit Fund – CCLA</del>	<del>Online</del>
<del>Short-term Investment – Unity Trust</del>	<del>Online</del>

Cheques require two authorised signatories. Electronic banking transactions require two authorised signatory approvals.

For each electronic banking transaction, a printout is taken and stored with the accounting record.

**NOTE:** Due to the COVID-19 Pandemic, and the requirement to work from home, staff were unable to print electronic banking transaction confirmations. Staff are prohibited from printing from home using personal printers for security reasons as advised by Bridgend Town Councils ICT provider, Bridgend County Borough Council (BCBC).

Payment dates continue to be recorded on the Councils Finance Ledger remotely. A physical note will be made and filed for audit trail when restrictions allow.

Cheque books and PCs with access to online banking facilities are kept secure.

#### f) Bank Reconciliations

The Council uses AdvantEdge financial software to record all financial transactions as soon as reasonably practicable and as accurately as reasonably possible.

Reconciliations of the electronic ledger against bank statements are conducted on a regular basis by the Deputy Clerk/RFO and Finance Officer and are reviewed by the Town Clerk.

#### g) Segregation of Duties

The Finance Officer inputs invoices to the electronic ledger system.

The Finance Officer or the Deputy Town Clerk/RFO in the absence of the Finance Officer prepares the weekly expenditure approval document.

The Deputy Town Clerk/RFO or the Town Clerk in the absence of the Deputy Town Clerk/RFO and one other authorised signatory check and sign the weekly expenditure approval document before payments are made.

#### h) Authorisation of Expenditure

Cheque payments are signed by two authorised signatories.

Electronic banking payments are input by the Finance Officer or Deputy Town Clerk/RFO in the absence of the Finance Officer and are approved electronically by the Deputy Town Clerk/RFO or Town Clerk in the absence of the Finance Officer or Deputy Town Clerk/RFO.

**i) Budgetary Control**

The Deputy Town Clerk/RFO prepares quarterly budget reviews detailing income and expenditure to date which are reviewed by the Finance Committee.

The minutes of the meetings of the Finance Committee are circulated to all Members of the Council.

**j) Wages and Salaries**

The Council staff are paid under PAYE as employees of the Council and the necessary system for making payments to HMRC and pension contributions is in place.

**k) Assets**

The Deputy Town Clerk/RFO records the Councils assets in the fixed assets register, measured at cost value. Assets may comprise of land, buildings, plant and equipment, vehicles, notice boards, and street furniture, property that will be of economic benefit to the public over a period substantially longer than one financial year.

Assets, which are held as community assets such as war memorials, will be included in the accounts at their historical cost or given a £0 value if the original cost is unknown.

The costs of assets which are replaced during the year will be removed from the register and the new item added.

The existence and condition 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.

**l) Risk Management**

The Council has a detailed Risk Assessment which is reviewed annually by the Finance Committee and full Council.

**m) Internal Audit**

Bridgend Town Council appoints an independent Internal Auditor who reports to the Council on the adequacy of it's:

- financial records
- procedures
- systems
- internal control regulations
- risk management

- reviews

The appointment of the internal auditor is reviewed annually.

**n) External Audit**

The Council’s External Auditors submit an annual Certificate of Audit, which is presented to the 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 is informed by the work of the:

- Finance committee
- Full Council
- Town Clerk and Deputy Town Clerk/RFO have responsibility for the design and maintenance of the internal control systems and advising the council of financial risk
- Elected members have a responsibility to monitor and review internal control systems and financial risk
- An independent internal auditor who reviews the Councils systems of internal control
- The external auditor who make the final check using the annual return, a form completed and signed by the RFO, Chairman and Internal Auditor

**5. Date of next Review**

To be confirmed.

Signed ..... Mayor of Bridgend Town Council

Signed ..... Clerk Bridgend Town Council

Signed ..... Deputy Clerk/RFO Bridgend Town Council

Date .....