



New Alresford Town Council

Alresford Recreation Centre, The Avenue, Alresford, Hants, SO24 9EP

Website: www.newalresford-tc.gov.uk

Internal Control Policy

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	Related Policies – Financial Regulations, Joint Panel on Accountability and Governance (JPAG) 2020

Version Control

Version	Owner	Date Approved	Minute Ref	Website updated	Next Review
V1	Town Council	23/06/2020	20/041	11/11/2020	23/06/2022

1. Introduction

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

Regulation 3 of The Accounts and Audits Regulations 2015 states that a relevant authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

NATC acknowledges the role of an independent Internal Auditor in reviewing the internal controls and will appoint a suitably qualified internal auditor and review their findings and consult with them about issues and improvements where appropriate.

2. Purpose of Internal Controls

NATC is required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of its system of internal control. NATC is required to sign the Annual Governance Statement which forms part of the Annual Governance and Accountability Return (AGAR) submitted to the external auditor evidencing that this review has been satisfactorily undertaken.

Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded and properly accounted for. These arrangements also need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice.

NATC'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 identify and prioritise the risks to 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 and economically.

3. Internal Control Environment

NATC current Financial Regulations sets the parameters for its financial operations. NATC implements financial systems and controls to ensure compliance with legislation, regulations and best practice.

This is informed by the work of the Internal Auditor and Finance and Facilities committee, who have responsibility for the development and maintenance of the internal audit environment, this includes any comments made by the external auditors in their annual report.

In order for NATC to review the effectiveness of their internal control system there needs to be clarity on the internal controls in place. Some internal controls are listed in the Financial Regulations, but the system of controls goes beyond this and takes into consideration other factors to minimise the risk of loss in its financial operations.

NATC internal monitoring is undertaken by the Finance and Facilities committee and the Responsible Financial Officer who report to Full Town Council.

NATC also uses other services to process transactions and monitor performance against budget which include

- Bespoke financial software to administer transactions and produce reports
- External payroll service to process salaries
- Banking services provided by Lloyds Bank Plc.
- Independent internal auditor

Any issues raised by the Internal Auditor are reported in writing to the Finance and Facilities committee and agreed actions are monitored to ensure that they have been actioned within agreed timescales. Additionally, NATC seeks and receives appropriate property, legal, insurance, and health & safety advice as appropriate to manage risk.

4. Responsibility

NATC is responsible for:

- Establishing and monitoring the achievements of the authority's objectives
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases
- Ensuring all committees receive regular and up to date reports on financial activities under their direction
- Ensuring performance is regularly monitored against financial and operational budgets

5. Review of Effectiveness

NATC through the Finance and Facilities committee has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

The review of the effectiveness of the system of internal control is monitored by:

- The work of officers reporting to the Town Clerk/Responsible Finance Officer.

- The Town Clerk/Responsible Finance Officer who acts as the Council's legal advisor and administrator. They are also responsible for administering the Council's finances, for advising on compliance with laws and regulations, and for managing risks.
- The Finance and Facilities Committee monitors progress by receiving relevant reports which is measured against objectives, procedures, budgetary control, and conducts regular reviews of financial matters. Any findings are reported to Full Town Council Meetings for consideration of the recommendations
- The Internal Auditor is an independent person specialising in local council matters and reports to NATC on the adequacy of its records, procedures, systems, internal control and risk management.
- The External Auditors present in their annual report on the accounts of NATC and any comments or recommendations are acted on.

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