



RAUNDS TOWN COUNCIL

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(FINANCIAL) INTERNAL CONTROLS

Introduction

The Accounts and Audit Regulations 2015 defines the responsibilities of the Responsible Financial Officer (RFO) as ensuring the Council's day-to-day finances are run properly but it falls to the Council's members to exercise a proper and reasonable degree of control over financial matters.

Internal controls are the activities that the council undertakes to prevent and detect fraud and ensure that the council's finances are maintained properly.

Internal controls undertaken include:

- Adhering to Financial Regulations.
- All invoices are reviewed and approved by the RFO (or other officer as delegated by the RFO).
- Payroll function is contracted to a third party
- Cheques and electronic payments shall be signed (physically or digitally) in accordance with bank mandate.
- Invoices are presented for review when cheques are signed.
- Cash is held securely and promptly banked.
- Bank reconciliations are carried out promptly and presented to the Finance & Policy Committee

Internal Control Councillor (ICC)

The Council shall appoint Internal Control Councillors, who shall have the delegated task of reviewing the internal controls on behalf of the Council.

The Internal Control Councillors may remain cheque signatories. The Internal Control Councillor with responsibility for verifying that all expenditure has been properly authorised will only sign cheques in extremis.

Internal Control checks

The ICC's shall carry out the following:

- A sample check to ensure all anticipated income has been received;
- Expenses are properly authorised before payment is made;
- The record of receipts and payments is kept up to date;
- That monthly bank reconciliations are carried out.
- A sample check to ensure that wages are paid in accordance with pay scales and that pension contributions are correctly accounted for.
- That all petty cash expenditure is supported by a receipt and that the petty cash balances
- That all transactions on the procurement card are supported by a receipt or invoice.
- A sample check to ensure that cash received has been properly accounted for and promptly banked.

The ICC's will record the completion of their checks on the control sheets shown in Appendix 1

All anomalies will be resolved with the Clerk/RFO and then the ICC shall present a report to Members of the Finance and Policy Committee.

The Council's Role:

To meet its overarching financial responsibilities the Council is responsible for appointing an Internal Auditor to maintain an adequate and effective system of audit. This responsibility shall be discharged through the appointment of an independent and suitably qualified auditor who is conversant with the regime of local government finance.

To receive the reports of its Internal Auditor and take appropriate action on the recommendations therein.

To oversee the arrangements for internal control, the Council shall receive reports from its Finance and Policy Committee and the Internal Control Councillor(s).

To review annually the effectiveness of its internal controls and internal audit service.

To ensure adequate arrangements are in place to assess and mitigate risks to the Council.

The Council will operate, maintain, monitor and annually review its financial regulations.

The Finance and Policy Committee Role

The Finance and Policy Committee's role is to:

- Retrospectively approve all payments made since the previous meeting;
- Approve the monthly bank reconciliation, when completed.

The role of the Internal Auditor

The Internal Audit Service is available all year round. The appointed Auditor may be contacted during this period if required.

The Internal Auditor shall visit the Council at least once a year, more if requested, by either party. The duties of the IA are set out in the Terms of Reference for the Internal Audit Service.

An important part of the role of the Auditor is to report on the Council's Annual Return (a public document) the effectiveness of the Council's internal controls and financial systems.

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