



Nailsworth Town Council

Internal Controls Policy

Statement of Internal Control

Review as to the effectiveness of the system of internal controls

Scope and Responsibility

The Council is responsible for ensuring that business is conducted in accordance with the law and proper standards; and that public money is safeguarded and properly accounted for, used economically, efficiently, and effectively.

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council's accountability framework is 'risk' based; proportionate to that risk and to the amounts of public money involved and to the stakeholders' need for assurance.

Purpose of the System of Internal Control

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority's policies, aims and objectives; and to evaluate and manage those risks accordingly.

Review of Effectiveness

An annual review is to be undertaken by the Personnel Committee which reports directly to Council; in addition it is the responsibility of the Committee to review the Risk Management Plan on an annual basis.

Please note text highlighted should be amended by the Council to reflect the arrangements that have been agreed.

Question	Y/N?	Recommendation for Action (if required)	Notes:	Frequency: Quarterly Biannual Annual
Proper Book-keeping				
• Is the cashbook maintained and up to date?				
• Is the cashbook arithmetically correct?				
• Is the cashbook regularly balanced?				
Standing Orders/ Financial Regulations adopted and applied.				



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Payments controls				
• Has the council formally adopted Standing Orders and Financial Regulations?				
• Has a Responsible Financial Officer been appointed with specific duties?				
• Are items or services competitively purchased?				
• Has VAT on payments been identified, recorded and reclaimed?				
Risk management arrangements				
• Are payments authorised by Council?				
• Do minutes record the Council carrying out an annual risk assessment?				
• Is insurance cover appropriate and adequate?				
• Are internal financial controls documented and regularly reviewed?				
Budgetary controls				
• Has the Council prepared an annual budget in support of its precept?				
• Is actual expenditure against				



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the budget regularly reported to the Council?				
<ul style="list-style-type: none"> • Are there any significant unexplained variances from budget? 				
Income controls				
<ul style="list-style-type: none"> • Is income properly recorded and promptly banked? 				
<ul style="list-style-type: none"> • Does the precept recorded agree to the Council Tax authority's notification? 				
<ul style="list-style-type: none"> • Are security controls relating to cash adequate and effective? 				
Petty cash Procedures: NTC has no petty cash				
Payroll controls				
<ul style="list-style-type: none"> • Do all employees have contracts of employment with clear terms and conditions? 				
<ul style="list-style-type: none"> • Do salaries paid agree with those approved by the Council? 				
<ul style="list-style-type: none"> • Are other payments to employees reasonable and approved by the Council? 				
<ul style="list-style-type: none"> • Have PAYE/NIC been properly operated by the Council as an 				



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employer?				
Asset controls				
• Does the council maintain a register of all material assets owned or in its care?				
• Are the asset and investment registers up to date?				
• Do asset insurance valuations agree with those in the asset register?				
Bank reconciliation				
• Is there bank reconciliation for each account?				
• Is bank reconciliation carried out regularly and in a timely fashion?				
• Are there any unexplained balancing entries in any reconciliation?				
• Is the value of investments held summarised on the reconciliation?				
Has the bank reconciliation statement for each account been checked and verified by a Cllr, in accordance with Financial Regulations?				
Year-end procedures				



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• Are Year End accounts prepared on the correct accounting basis (Income and Expenditure)?				
• Do accounts agree with the cashbook?				
• Is there an audit trail from underlying financial records to the accounts?				

General comments:

Date of Review:

Date of next review:

Review conducted by Councillors (to be **signed and dated** by ALL Councillors involved):

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Policy Title:	Internal Controls Policy	Last updated by
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Version, Date and Change History:		Version 1.0	17 March 2023	Approved minute 2022/xxx	Clerk
		Review Date:	March 2024		
Author		Clerk			