



## **APPENDIX 2**

### **TAVISTOCK TOWN COUNCIL** **INTERNAL CONTROL SYSTEM**

Tavistock Town Council is responsible for ensuring that the financial management of the Council is conducted in accordance with the law and proper standards and that the Council has a sound system of internal control which facilitates the exercise of its functions and includes arrangements for the management of risk.

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 Tavistock Town Council's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council reviews at least annually the effectiveness of internal controls. The review is informed by the work of its Internal Auditors, the organisational and service planning (and associated risk assessment) process and the management of the Council who have responsibility for the development and maintenance of the internal control environment together with comments made by the external auditors in their annual letter.

The Council is responsible for

- Establishing and monitoring the achievement of its objectives
- The facilitation of policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Overall responsibility for the management of risk
- Service planning and performance management.

The Clerk to the Council is the appointed Responsible Financial Officer (S151) and Proper Officer to the Council. Relevant staff are trained in health and safety, fire and general risk management and appropriate risk assessments are used to regularise these processes.

The Council has in place, amongst others, standing orders, financial regulations, risk management policy and business planning processes (linking individual performance to service plans, the corporate plan and the Council Plan) to ensure the secure, effective, efficient and economic use of Council resources.

In addition to the regular review of the foregoing the Council at each meeting receives details of all expenditure incurred by the Council and a budget monitoring report indicating spend against budget, commitments, variances and associated explanatory notes.

The Council uses a sector specific computerised accounting package that records all of the accounting transactions and is used to register commitments alongside income and expenditure. This package provides financial information and the basis for budgetary control.

A system of internal financial control cannot be expected to completely eliminate the possibility of inaccuracy or fraud. To minimise this risk the Council separates the responsibility for inputting information relating to payments from that of authorising them. All bank transfers are approved and signed by two Councillors (excepting where Council has issued a general authorisation to transfer between accounts **Merchant to Saver Account**) and the bank reconciliations are reviewed and signed off by the Responsible Financial Officer and by the Deputy Mayor.

Subject to any restrictions imposed by the Council the Responsible Financial Officer is required to determine

- Accounting records including the form of accounts and supporting accounting records
- Accounting control systems
- Ensuring that determined systems are adhered to, comply with proper practice and are up to date.

The Responsible Financial Officer is also required to

- Ensure that the records are kept in such a way to enable the financial statements and related notes to be prepared
- Ensure that entries on a day to day basis record all money received and expended
- Record the assets and liabilities of the Authority
- Record separately income and expenditure relating to any claim or contribution, grant or subsidy from the Government, a body funded by Government or a community institution

The system determined by the Responsible Financial Officer is required to record transactions as soon as practical and to

- put in place measures for the prevention and detection of inaccuracy and fraud
- put in place measures for the reconstitution of data if records are lost
- identify the duties of individual officers and the segregation of duties achieved for significant transactions
- only allow the write off of uncollectable amounts including bad debts with the consent of the Council
- ensure appropriate measures to manage risk.

The Council has in place a system of Internal Audit carried out by an independent auditor and all issues raised by the auditor are reported in writing to the Council and consequential actions implemented to ensure financial probity.

In addition, the Council retains amongst others, appropriate property, legal, human resources, health and safety and financial advisers to inform decision making and manage risk together with maintaining appropriate levels of insurance.

In emergency circumstances (such as a pandemic), and where the Council is unable to function normally, the Council will agree delegation arrangements to enable the work of the Council to continue with probity in consultation with identified senior members as appropriate and supplemented by appropriate measures to provide transparency.