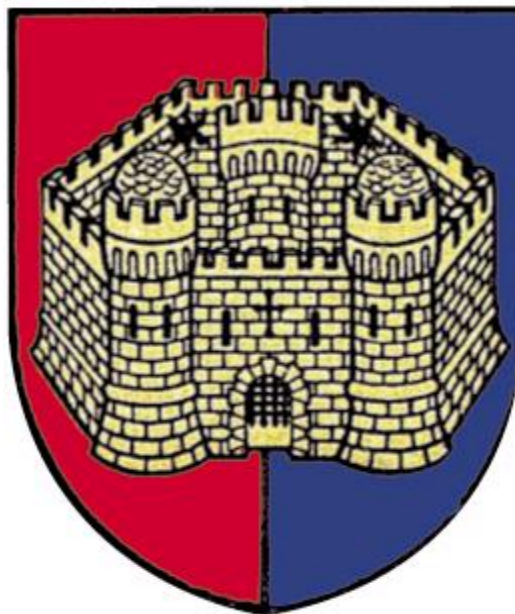


# Devizes Town Council

## INTERNAL CONTROLS DAY TO DAY OPERATIONS



The key elements of the Town Council's internal control environment are as follows:

- The Town Council have adopted Standing Order and Financial Regulations, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.
- The facilitation of policy and decision-making through the establishment of three policy committees – Planning, Recreation & Properties, and Civic and Ceremonial Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the council can made decisions under delegated authority.
- The Town Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.
- Though reviews by external auditors, external agencies, Internal Audit, and Best Value working party, the Town Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty.
- Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the line managers.
- The Council employs an external auditor to monitor the Town Council's processes. It is the function of the external auditor to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Town Clerk, the External Auditor will produce a report. If it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration this will be brought before the Full Council. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- The financial management of the authority is conducted in accordance with Council's regulations as attached. The Council has designated the Town Clerk as Responsible Financial Officer as set out in the Local Government Act 1994
- Section 151.
- The Council contracts in an Internal Auditor,

- The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.
- The Council has a performance management framework through its Best Value Working Party and committee process, which monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, quarterly.
- The Council has a duty to monitor and review its mission statement and core objectives to ensure its aims and principles are given full effect
- Each year, senior officers reviews the Risk Management Assessments
- The Management Team meets regularly and reviews progress on performance of council services, project planning, risk management and Best Value reviews.
- The Council updated the Financial Regulations in 2019.

### **SALES LEDGER**

The bookings system which controls the utilisation of the Town Council venues has an interface to the sales ledger of the Council's accounting software. The interface is run on three to four occasions per month thereby transferring the appropriate invoices to the Sales ledger. The completeness of the interface is checked at month end by the Admin & Finance Manager and any relevant journals relating to free usage or deposit refunds are effected at this time.

Commercial property rents and non-venue charges are invoiced utilising the sales ledger invoicing within the accounting software. All sales ledger payments are posted throughout the month as part of the bank reconciliation process. The internal auditor will check and approve sales ledger transactions and month end balances during quarterly visits.

A credit control meeting is held at the end of the month, any debts and Bad Debts being dealt with in accordance with the credit control policy document.

### **PURCHASE LEDGER**

All invoices are date stamped upon receipt and handed to the originator to compare to the Purchase order and if appropriate apply the relevant nominal code and sign off as being ready for payment.

The purchase invoice must then be countersigned by two Councillors prior to payment.

Purchase invoices are paid bi-monthly either by on line banking payment or by cheque. Any list of payments by online banking or cheque payment must be signed by two councillors and either the Admin & Finance Manager, the Deputy Town Clerk or The Town Clerk.

The purchase ledger is reviewed on an monthly basis and any unpaid Invoices and any payments without an invoice are queried. The internal auditor will check and approve purchase ledger transactions and month end balances during quarterly visits.

### **NOMINAL LEDGER**

Nominal ledger transactions are dealt with on a day to day basis with the majority being processed prior to month end. The monthly income and expenditure account is considered in detail under each cost account to validate the data before rolling forward to the next month. Balance sheet accounts are likewise subject to a validation of the balances on a monthly basis.

A manual system of recording all receipts that are not processed by the PDQ machine is to be utilised. This is the primary record for agreement with the weekly banking payslip.

### **BANKING**

The online banking account is checked on a daily basis to check the impact on cash flow of receipts and payments. Receipts and payments affecting the bank accounts are posted during the month with a month end reconciliation undertaken at month end. The reconciliation is checked by the Admin & Finance manager and the internal auditor.

### **Banking money**

Money is banked on a weekly basis in accordance with financial regulations. Should cash in the premises exceed £5000 this would be banked immediately. Payments into the bank vary throughout the week. Two members of staff would go the bank should there be a significant amount of cash to be banked.

### **Online payments**

On line payments are subject to the same controls as cheque payments. The originator and two councillors must sign the invoice. The Admin & Finance Manager, Deputy Town Clerk or Town Clerk plus two councillors must sign the online Payment list. The Admin & Finance Manager must additionally sign the online payment audit list prior to payment.

### **Direct Debits/Standing Orders**

All automatic payments going through the bank accounts are matched to an invoice and signed off by the originator. All utility costs which are subject to an estimated reading are checked and an actual reading supplied. These are listed alongside all other payments in a report to the appropriate Committee on a six-weekly basis.

### **VALUE ADDED TAX**

The processing of sales and purchase invoices and the resultant input and output tax is recorded within the Councils' accounting software.

At quarter end a summary of inputs and outputs forms the background to the VAT return. Once this has been subject to a validation check by the Admin & Finance Manager the return is posted on line resulting in either a refund or an online payment. The internal auditor will also check the VAT return on his quarterly visit.

### **PAYROLL**

A system of weekly timesheets for non-office based staff and monthly flexible time sheet is received by the accounting department after being signed as being correct by the relevant senior manager.

The template as supplied by the external payroll company is completed by the Accounting Assistant and checked by the Admin & Finance Manager in conjunction with the accounting assistant prior to on line despatch for processing. On receipt of the output documents the data is checked for accuracy.

Should an error have occurred this will be pointed out to the payroll company and a re-run requested. Payment will be made to the employee into their bank account by on line banking and will be subject to the

usual safeguards. All copy payslips and output documents must be locked in a safe environment.

### **Superannuation**

All Council employees will be subject to superannuation payments unless they specifically elect to opt out.

Payments will be made on a monthly basis to the Wiltshire Council Pension Fund. At year end a full validation is conducted on the request of the pension fund. The balance sheet control accounts is checked regularly in case of anomalies.

### **PAYE And NI**

The output document is utilised as the source for the monthly payment of PAYE and NI for all Council employees. Payment is effected by the HMRC white book and paid into the local banking branch.

The balance sheet control is checked regularly in case of anomalies.

### **Attachment of Earnings**

All attachments of earnings to which employees are subject are despatched to the recipient on a monthly basis as directed. The balance sheet control is checked regularly in case of anomalies.

### **Expenses**

Employee expenses incurred during the month are normally claimed as a payment after tax payment via the payroll. If the amount is below £10 this may be reimbursed by the petty cash system.

### **CREDIT CARD PAYMENTS**

The Council holds a company credit card held in the name of the Town Clerk. Orders may be placed by authorised officers upon notification of its use to the Town Clerk and processing of a Purchase Order. All credit card payments will require approval by the originator.

Any credit card transactions incurred during the month will be notified to councillors on an expenses report which is reported to the appropriate committee on a six-weekly cycle.

## **PDQ MACHINE**

The Council utilises 2 Chip and Pin machines, one at the Town Hall and a second at Hillworth Park café. All payments via debit or credit cards will be receipted and The nature of the transactions are to be recoded to enable identification on the bank statement.

## **PETTY CASH**

The Council operates a Petty Cash impress system. The balance of £100 is checked and reconciled when required but as a minimum once a month. All receipts are checked and where appropriate output tax claimed.

## **FIXED ASSETS**

A Fixed Asset Register is maintained by the Admin & Finance Manager. Assets disposed of during the year are notified to the Admin & Finance manager with the relevant asset disposal form whilst assets acquired during the year subject to the a minimum of £5000 are recorded on the ledger.

Annual Depreciation is calculated and posted to the financial accounts at year end.