



## Review of Effectiveness of Internal Control

**September 2023**

Accountability and Governance proper practices are set out in the JPAG Accountability and Governance Practitioners' Guide. This review of the effectiveness of internal control is required annually.

The following is the assertion that needs to be declared in the annual return:

### **Assertion 2 — Internal control**

*We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.*

To warrant a positive response to this assertion, the following processes need to be in place and effective:

10 1.14 Standing Orders and Financial Regulations. The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the way tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.

**CTC response: Both policies were reviewed in this financial year (2022-2023) and are adhered to.**

1.15 Safe and Efficient Arrangements to Safeguard Public Money. Practical and resilient arrangements need to exist covering how the authority orders goods and services, incurs liabilities, manages debtors, makes payments, and handles receipts. Authorities need to have in place safe and efficient arrangements to safeguard public money. Where doubt exists over what constitutes money, the presumption is that it falls within the scope of this guidance.

**CTC response: The Council orders goods and services through its proper officer after resolution at Council. Payments are authorised and listed at Council meetings and receipts are in the form of bank transfers or cheque. No cash is handled. Scribe accounting system is used and reconciliation is undertaken monthly.**

1.15.1 Authorities need to regularly review the effectiveness of their arrangements to protect money. Every authority needs to arrange for the proper administration of its financial affairs and ensure that one of its officers (the RFO) has formal responsibility for those affairs (see paragraph 1.9 above).

**CTC response: The RFO is responsible for all financial arrangements. Scribe accounting package is used. Monthly bank reconciliations are undertaken. The bank reconciliations are authorised by a (different) councillor on a quarterly basis. Budget vs actual expenditure reports are provided quarterly. Income is preferred as bank transfers. Cheques are cashed within 3 days of receipt. The**



RFO provides the end of year accounts and the annual return as soon as possible after year end. These are then authorised by council, sent to the internal auditor then sent to the external auditor.

1.15.2 Authorities need to ensure controls over money are embedded in Standing Orders and Financial Regulations. Section 150(5) of the Local Government Act 1972 required cheques or orders for payment to be signed by two elected members. Whilst this requirement has now been repealed, the 'two-member signatures' control needs to remain in place until such time as the authority has put in place safe and efficient arrangements in accordance with paragraphs

CTC response: two member signatures control remains in place in the financial regulations.

1.15.3 Authorities need to approve the setting up of, and any changes to, accounts with banks or other financial institutions. Authorities also need to approve any decisions to enter 'pooling' or 'sweep' arrangements whereby the bank periodically aggregates the authority's various balances via automatic transfers.

CTC response: N/A this financial year.

1.15.4 If held, corporate credit card accounts need to have defined limits and be cleared monthly by direct debit from the main bank account. Credit card balances are not acceptable reconciling items for bank reconciliation purposes.

CTC response: Lloyds Multipay card is held by the Council. The RFO is the sole card holder. All transactions are listed in the agenda and minutes and signed off by two councillors. Monthly direct debit is set up and the balance is cleared monthly. A monthly limit of £1000 has been set up.

1.15.5 The authority needs to approve every bank mandate, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.

CTC response: This is all undertaken at the annual meeting.

1.15.6 Risk assessment and internal controls need to focus on the safety of the authority's assets, particularly money. Those with direct responsibility for money need to undertake appropriate training from time to time.

CTC response: Risk management procedure reviewed annually. Clerk has attended budgeting and internal control training.

1.16 Employment — The remuneration payable to all employees needs to be approved in advance by the authority. In addition to having robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities, the authority needs to ensure that it has complied with its duties under employment legislation and has met its pension obligations.

CTC response: Payroll is outsourced to Tetbury Accounting Services who informs the clerk of appropriate payments and liabilities on a monthly basis.



1.17 VAT — The authority needs to have robust arrangements in place for handling its responsibilities regarding VAT.

CTC response: VAT is reclaimed quarterly.

11 1.18 Fixed Assets and Equipment — The authority's assets need to be secured, properly maintained, and efficiently managed. Appropriate procedures need to be followed for any asset disposal and for the use of any resulting capital receipt.

CTC response: Asset register updated as required i.e. when asset is either purchased or disposed of and at end of year.

1.19 Loans and long-term liabilities — Authorities need to ensure that any loan or similar commitment is only entered into after the authority is satisfied that it can be afforded and that relevant approvals have been obtained. Proper arrangements need to be in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities.

CTC response: 3 PWLB loans have been approved prior to this financial year. The budget process allows for the repayments to be afforded.

1.20 Review of effectiveness — Regulation 6 of the Accounts and Audit Regulations 2015 requires the authority to conduct a financial year review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement.

CTC response: This report constitutes the review.