

POLICY:	INTERNAL CONTROLS POLICY
Policy number:	LTC / IC/ 23 / v.1
Available to:	All Staff, Councillors & Public (upon request)
Supersedes Version:	New policy
Approved by:	Full Council
Approval date:	31 st July 2023
Review due:	April 2026

1. Description

Ludlow Town Council (the “Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control, which facilitates the effective exercise of the Council’s functions and includes arrangements for the management of risk.

2. Purpose of this policy

The system of internal control is designed to manage risk; reducing it 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 on-going process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. Scope

The Council

The Council has appointed a Chairman who is responsible for the smooth running of its meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations and objectives, budgets and the level of precept required for the following year at its January Meeting. The Council

monitors progress against its aims and objectives at its meetings by receiving relevant reports from the Town Clerk. The Council regularly reviews its internal controls, systems and procedures.

The Clerk / Responsible Financial Officer

The Council has appointed a Clerk and Responsible Finance Officer (RFO). The Clerk of the Council acts as the Council's advisor and administrator, and in the role of Responsible Financial Officer is responsible for administering the Council's finances.

The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

4. Procedure

Payments

Are administered under the council's financial regulations and scheme of delegation. Two member signatories are required to sign every cheque / digital payment. All electronic and direct debit payments (including credit card transactions) are approved at the relevant Policy & Finance Meeting.

Risk Assessments/Risk Management

The Council carries out regular risk assessments in respect of its activities and regularly reviews its system and controls.

Internal Audit

The Council has appointed an independent, competent internal auditor who reports to the Council on the adequacy of its systems and procedures, internal controls and risk management and its reviews of these matters. The effectiveness of internal audit is reviewed twice annually.

External Audit

The Council's external auditors submit an annual Certificate of Audit which is presented to the Council.

Review of Effectiveness

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of:

- The Council
- The Clerk/RFO who has responsibility for the design and maintenance of the internal control environment and managing risk.
- The independent internal auditor who reviews the Council's systems of internal control.
- The Council's external auditor who makes the final check using the annual return, a form completed and signed by the Clerk/RFO, the chairman and internal auditor.

Significant Internal Control Issues

The Council strives for the continuous improvement of the system it has designed for internal control and has addressed all of the minor issues and weaknesses raised and reported during the review process.

5. Legal

Accounting and Audit Regulations 2015.
Local Government Act (LGA) 1972, s. 151

6. Other relevant policies

Risk Management Policy
Standing Orders
Financial Regulations

Implications

Wards Affected (All)

Financial (As specified)

Health & Safety (As specified)

Law & Order (As specified)

Environmental Implications (None specified)