



LISKEARD COUNCIL
WORKING FOR YOU

LISKEARD TOWN COUNCIL

STATEMENT OF INTERNAL CONTROL 2021

1. Scope of Responsibility

Liskeard Town Council is a Local Authority funded largely by public money. It is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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 which includes arrangements for the management of risk.

The Council is required to review at least annually the effectiveness of its system of financial control.

2. The Purpose of the System of Internal Control

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 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.

The system of internal control has been in place at the Council for the year ended 31 March 2021 and accords with proper practise.

3. The Internal Control Environment

The Council

- The Council has adopted Financial Regulations (updated 25 August 2020) which set parameters for the Council's financial operations.
- The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful, and in accordance with its Standing Orders.
- The Council meets at least six times per year to monitor and review its obligations, aims and objectives, and receive reports from the Town Clerk, RFO, committees and members of the Council.
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- The Council monitors financial systems and procedures, budgetary control and regularly reviews financial matters.
- The Council has appointed Committees who monitor progress against objectives and budgets
- The Council met in January 2021 to approve the budget (as recommended by the committees) and precept for the coming year 2021/22.
- The Council carries out regular reviews of its internal controls, systems and procedures.
- Payroll is processed by the Account's Clerk using Sage Payroll and checked by the Responsible Finance Officer. Banking services are provided by HSBC and Lloyds, with short term cash deposits held with Cornwall Council. RBS Omega, a bespoke local council accountancy package, is used to complete the management accounts, invoicing, and financial returns for the Council.

Clerk to the Council / Responsible Financial Officer

The Council has appointed a Clerk to the Council who acts as the Council's advisor and manager. The Council has appointed a separate officer to act as the Responsible Financial Officer who advises on financial related issues and is responsible for the administration of the Council's finances. The Clerk is responsible for advising on the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Payments

All expenditure must be authorised by the Council, or by a committee having delegated authority, or (in accordance with the Financial Regulations) by other delegated authority. All receipts and payments are reported to the Council. The RFO is responsible for checking the legality of each payment and that payments are within the powers of the Council prior to presentation to the Council.

Risk Assessments/Risk Management

The Council carries out regular risk assessments in respect of actions and regularly reviews its systems and controls. The insurance cover is regularly reviewed to ensure the correct level of cover has been provided.

Internal Auditor

The Council has appointed Hudson Accounting Limited, an Independent Internal Auditor who reports to the Council on the adequacy of:

- records
- procedures
- systems
- internal control
- regulations
- risk management
- reviews
- governance processes

The effectiveness of the internal audit is reviewed annually.

External Auditor

The Council's external auditors, appointed by the Government (PKF Littlejohn) submit an annual certificate of audit which is presented to the Council.

Professional Advice

Additionally, the Council seeks and receives appropriate property, legal, insurance, VAT, personnel/human resources and health & safety advice as appropriate to manage risk.

4. 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 full Council
- The Clerk and Responsible Finance Officer to the Council who are responsible for the development and maintenance of the internal control environment and managing risk.
- The work of officers reporting to the Council and its committees
- The Independent Internal Auditor who reviews the Council's system of internal control and reports to the Council.
- The Council's External Auditor who makes a final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman, the Town Clerk and the Internal Auditor. An Audit Certificate is issued.
- The number of significant issues that are raised during the year

5. Significant Internal Control Issues

No significant internal control issues were identified during the 2020-2021 financial year.

The Council recognises that the coronavirus pandemic which began in March 2020 has had significant impact on the way that work is carried out, and has reviewed and adapted following advice from the government, the Cornwall Association of Local Councils and others. In addition, this has caused a reduction in expected income, and unexpected, unbudgeted expenditure which were initially appraised by Council on 26 May 2020. These have remained under continuous review, and reflected in the budget setting process for 2021/22 to ensure internal control systems are adapted and maintained to remain robust and effective.

Whilst no significant internal control issues were identified during the year the Council strives for the continuous improvement of the system it has adopted at all times.