



MARAZION TOWN COUNCIL

STATEMENT OF INTERNAL CONTROLS



1 Introduction

Marazion Town Council is a local authority funded largely by public money and is responsible for ensuring its financial 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, Marazion Town Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Marazion Town Council functions and which includes arrangements for the management of risk. Marazion Town Council is required to review at least annually the effectiveness of its system of financial control.

This is informed by the work of the internal auditor and the Council as the body corporate who have responsibility for the development and maintenance of the internal audit environment, and any comments made by Marazion Town Council's appointed internal and external auditors in their respective interim and annual reports.

2 The Purpose of the System of Internal Control

The Marazion Town Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It cannot provide an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to policies, priorities, and objectives, to evaluate the likelihood of those risks being realised, and the impact should they, in the unlikely event they be realised, and to manage them effectively, efficiently, and economically. The system of internal control accords with the

practices set out in the Governance and Accountability in Local Councils: A Practitioners' Guide (2017 edition).

3 The Internal Control Environment

The Council has adopted Financial Regulations which set parameters for Marazion Town Council's financial operations. Marazion Town Council has appointed a Town Clerk/Responsible Finance Officer (RFO) who implements financial systems and controls.

Marazion Town Council will be using the Rialtas (RBS) Alpha financial management system to process transactions (payments and receipts) and monitor performance against budget. RBS Alpha financial management system has been specifically written for Town and Parish Councils therefore meeting the needs of the customer.

Budget reviewing and monitoring is to be reported quarterly to the Marazion Town Council.

Payroll is administered on behalf of Marazion Town Council by HJG Bookkeeping Services.

Banking services are presently provided by Barclays. Due to the level of protection afforded by the government of £85,000, general reserves more than £85,000 are to be transferred from Barclays to other banks to protect public monies. NS&I is also used for the depositing of the earmarked reserves. This may be changed in the future.

An independent internal audit service is provided by Steve Hudson Accounting of Hayle Cornwall.

External audit is provided by PKF Littlejohn.

Any issues raised by the Internal Auditor are reported in writing to the Council and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales. Additionally, the Council seeks and receives appropriate property, legal, insurance, and health and safety advice as appropriate to manage risk.

The Council is responsible for:

- Establishing and monitoring the achievements of the authority's objectives
- The facilitation of policy and decision making.
- Ensuring compliance with established policies, procedures, laws and regulations
- Identification and management of risk
- Ensuring that best value and value for money are achieved in all purchases.
- Financial management of the Councils finances, the Town Clerk/RFO providing the Council with up-to-date reports on financial activities under their direction.
- Ensuring performance is regularly monitored against financial and operational budgets Control and reports on the financial management of the Council.

Key staff (and even councillors if required) are to be trained in all aspects of health and safety, fire and general risk management and appropriate risk assessments are used to regularise these processes.

Through its Standing Orders, Financial Regulations, and delegated authority to the Town Clerk/RFO the Council has put in place controls to ensure that best value and value for money are achieved.

Marazion Town Council has responsibility for monitoring effectiveness and is supported in this by regular internal audit inspections on systems, reports from the Town Clerk/RFO and other officers as well as matters raised by external auditors. It receives and considers such reports promptly and agrees appropriate action to address identified weaknesses.

4 Review of Effectiveness

Marazion Town Council through the Town Clerk/RFO has responsibility for conducting a review of the effectiveness of the system of internal control and the internal audit process.

The review of the effectiveness of the system of internal control is monitored by:

- a) The work of nominated Marazion Town Councillors reporting to Marazion Town Council as the 'body corporate'.
- b) The Town Clerk is the Council's Responsible Finance Officer who acts as the Council's legal advisor and administrator.
- c) The Town Clerk/RFO is responsible for administering the Council's finances, for advising on compliance with laws and regulations which the Council is subject to, and for managing risks.
- d) The Town Clerk/RFO also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Subject to any restrictions imposed by the Council, the Town Clerk/RFO is required to determine:

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

The Town Clerk/RFO is required by statute to:

- 1 ensure that the records are kept in such a way as to enable the financial statements and related notes to be prepared.
- 2 ensure that entries on a day-to-day basis record all money received and expended.
- 3 record assets and liabilities of the Council
- 4 record separately income and expenditure relating to any claim for contribution, grant or subsidy from the government, a body funded by government or a community institution.

The system determined by the Town Clerk/RFO is as required by statute:

- 1 to record transactions as soon as possible.
- 2 to put in place measures for the prevention and detection of inaccuracy and fraud.
- 3 to put into place measures for the reconstitution of data if records are lost
- 4 to identify the duties of individual officers and segregation of duties achieved for significant transactions.
- 5 to only allow write offs of uncollectible amounts including bad debts with the Town Clerk/RFO evidenced approval and approval of Marazion Town Council as the 'body corporate'.
- 6 to ensure that there are appropriate measures to manage risk.

Marazion Town Council will meet every two weeks except in December. Marazion Town Council monitors the councils progress by receiving progress reports from Town Clerk/RFO and working parties, sub-committees.

Members of Marazion Town Council monitor progress against priorities and objectives, financial systems, processes and procedures, budgetary control, and carry out regular reviews of financial matters.

A system of internal financial control cannot be expected to eliminate the possibility of inaccuracy or fraud.

Minutes of Marazion Town Council meetings are approved at the meeting proceeding the meeting held for which the minutes apply.

It is the responsibility of the Town Clerk/RFO to review annually the Councils Governance and Accountability statements and present a report to Marazion Town Council for adoption and approval.

As required by statute, Marazion Town Council has appointed an independent, competent internal auditor who specialises in local Council matters and who reports to the Council on the adequacy of its records, procedures, systems, internal control, risk management, Governance and financial accountability.

There is one internal audit a year one of which is a preparatory audit for the external audit. The results of audits are reported by the Town Clerk/RFO to the next scheduled Marazion Town Council meeting proceeding an audit taking place and agreed actions are monitored to ensure that they have been carried out and actioned within agreed timescales.

The Council external auditors (PKF Littlejohn LLP) submit an annual Certificate of Audit which is reported to Marazion Town Council proceeding the audit certificate being issued to the Council.

Any concerns about the effectiveness of the system of internal control are investigated and action taken as appropriate.

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

- a) the Council
- b) the Town Clerk/RFO who has responsibility for the design and maintenance of internal control environment and managing risk.
- c) the independent internal auditor who reviews the Councils system of internal control
- d) the Councils external auditor who makes the final check using the annual return, a form completed and signed by the Town Clerk/RFO, the chairman of the Council and internal auditor

5. Summary

Marazion Town Council strives for continuous improvement of the systems, processes and procedures designed for internal control and has addressed and continues to address weaknesses and minor issues raised in accordance with Governance and Accountability in Local Councils.

Signed

Chairman of the Council

Date

Signed

Town Clerk/RFO

Date