

Minehead Town Council

INTERNAL CONTROL POLICY



Approved: 28th April 2026

Minute Number: 2026/63

POLICY UPDATE TIMELINE

Policy Number	Version	Owner	Date Approved	Review Due	Review Team
	V1	MTC	5 th April 2026	April 2027	MTC

1. Scope of Responsibility

Minehead 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. The Purpose of the System of Internal Control

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. Delegated authority for financial decisions, expenditure limits, and approval thresholds is set out in the Council's Financial Regulations and Scheme of Delegation.

3. The Internal Control Environment

3.1 The Council

The Council has appointed a mayor for Full Council and chairs for committee's who are responsible for the smooth running of its meetings. The Council reviews its obligations and objectives and budgets at 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 or Deputy Clerk & RFO. The Council regularly reviews its internal controls, systems, and procedures.

3.2 The Clerk / Deputy Clerk & Responsible Financial Officer

The Council has appointed a Clerk and a Deputy Clerk/Responsible Finance Officer (RFO). The Clerk and/or Deputy Clerk/RFO act as the Council's advisors and administrators of Council projects. The deputy Clerk/RFO 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.

3.3 Payments

Payments up to £800 are approved by the Deputy Clerk/RFO or The Clerk. These thresholds relate to payment approval and oversight processes only and do not constitute approval of new expenditure, which remains subject to the Council's Scheme of Delegation. Payments over this amount are approved as follows:

- Over £800 but below £3000 – Presented and approved at the next Finance & General Purposes meeting.
- Over £3000 – Presented and recommended at the next Finance & General Purposes meeting. Presented and approved at the next Full Council meeting.
- The list of annual regular direct debit payments for the following financial year (with their maximum approval amounts) is presented and approved at the final Full Council meeting of the current financial year.
- The list of annual salaries and add on costs for the next financial year for the Council's employees is presented and approved at the final Full Council meeting of the current financial year.

3.4 Risk Assessments / Risk Management.

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

3.5 Internal Audit

Two appointed councillors are allocated annually to carry out quarterly financial checks on behalf of the council.

The Council also appoints an independent, competent internal auditor who reports to the Council bi-annually, 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 annually.

3.6 External Audit

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

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 work of:

- The Council
- The Clerk / Deputy Clerk/RFO who have 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 or Deputy Clerk/R, the Chairman and internal auditor.

5. Significant Internal Control Issues

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

5.1 Statement of Internal Control Cash Book / Bank Reconciliations

The cash book is kept electronically on an accounting package (Scribe) and kept up to date from the original documents – receipts, invoices, and bank statements. The cash book is reconciled to the bank statements each month and bank reconciliations for all accounts are presented and reviewed at each Finance & General Purposes meeting and each Full Council meeting.

The bank statements, bank reconciliations, invoices and receipts are checked during the internal quarterly financial checks carried out by two councillors. The bank reconciliation shall include all bank accounts (current, savings, deposit and other accounts) held by the council and shall show movements of balances on all accounts.

5.2 Financial Regulations

The Town Council has adopted Financial Regulations based on the NALC model. The regulations are reviewed annually for continued relevant and amended where necessary via approval by the Town Council.

5.3 Order / Tender Control

Financial Regulations refer to procedures relating to tenders.

5.4 Legal Power

A proper legal power is identified for each expenditure.

5.5 Payment Controls

All payments are reported to the Council via printouts of receipts, payments, budget analysis at each Finance & General Purposes meeting and each Full Council meeting.

- Councillors may request financial printouts at any time. Once the Council has fully transitioned to the Scribe accounting system, councillors will be provided with read-only access to the relevant accounts.

- Payment approval is requested for payments over £800.
- The Deputy Clerk/RFO maintains control of the Council accounts

Payments are made electronically or by council payment card. There is no petty cash.

5.6 VAT Reclaims

The Deputy Clerk/RFO ensures that all invoices are addressed to the Town Council. The Deputy Clerk/RFO maintains a VAT account and ensures that the correct amount of VAT is reclaimed quarterly throughout the year.

5.7 Income Controls

All income is predominately received electronically on a town council invoice. Any cash or cheque income (mainly allotment payments) is banked in the Council's name promptly and included in the corresponding months receipt report.

The Deputy Clerk/RFO ensures that the amount of precept received matches the requested amount sent to Somerset Council and ensures that the precept instalments are received when due.

5.8 Financial Reporting

A budget control, receipts only, payments analysis, bank reconciliations for all accounts, income & expenditure analysis including budget percentages and invoices issued printouts are prepared and presented at both the Finance & General Purposes meeting and the Full Council meeting monthly.

There are also quarterly financial performance reports, earmarked reserve reports, and an annual review report presented at the Full Council meeting throughout the financial year.

5.9 Budgetary Controls

The budget is prepared in consultation with Full Council at the October and/or November meetings and the level of precept is approved by Full Council at the January meeting each year. The precept request is submitted by the deadline dictated by Somerset Council.

5.10 Payroll Controls

All employees are under PAYE as an employee of the Council and the necessary system for making payments to HMRC is in place. The Deputy Clerk/ RFO ensures that the necessary pension returns are made to the Local Government Pension Scheme (via Somerset Council) and retains evidence that this has been done.

The payroll includes amounts payable to HMRC and pension funds. These are approved in advance annually by Full Council at the last full council of the previous financial year.

In April each year the Annual Gross pay, Employers National Insurance and Employers Pension contributions are checked against Employees remuneration as per their contracted terms and conditions.

5.11 Risk Assessment

Risk Assessment for the Town Council is presented annually to the Town Council for review and approval.

5.12 Asset Control

The Clerk, or a delegated officer, maintains a comprehensive asset register on SharePoint. The existence and condition of all assets are reviewed and verified on an annual basis. In addition, the Council utilises a digital mapping system (Civic.ly) and will continue the ongoing migration of asset information to this platform.

The adequacy of insurance of the Town Council's assets is considered annually in advance of the insurance renewal. The insurance schedule is checked annually before being renewed.

5.13 Internal Audit

The Council annually appoints an independent internal auditor who provides a bi-annual report to the Council. The internal auditor will have planned and carried out the work necessary to give the assurances called for in section 4 of the Local Councils Annual Return. The Town Council reviews the scope of work offered by the Internal Auditor.

5.14 External Audit

The Council submits an annual return to the external auditor in a timely manner.

5.15 Policy and Decision Making

The facilitation of policy and decision-making is through the establishment of the Policies Committee who report to both the Finance & General Purposes meeting and/or the Full Council meeting.

Committees function within approved Terms of Reference that are reviewed annually. Meetings are open to the public except where personal or confidential matters are being discussed in accordance with the relevant legislation.

This policy is reviewed annually and at legislative changes.