

Reviewed 16.04.2026

Statement of Internal Control and Annual Review of Effectiveness of Internal Control

1.0 Overview

- 1.1 Regulation 4 of the Accounts and Audit Regulations, 2003 as amended, imposes a duty on local councils to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control."
- 1.2 Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of its system of internal control. The Town Council is required to sign the Annual Governance Statement (on the Annual Return submitted to the external auditor) to evidence that this review has been undertaken.
- 1.3 In order for the Town Council to review the effectiveness of the internal control system there needs to be clarity on the internal controls in place.
- 1.4 Some internal controls are listed in the Financial Regulations document, but the system of controls goes beyond this. A Statement of Internal Controls has therefore been prepared and this is included following this report.

2.0 RECOMMENDATION

- 2.1 That the Town Council consider the attached Statement of Internal Controls, reviewing it to consider whether the controls currently in place are effective.

Prepared by: Clare Fox
Town Clerk (Proper Officer of Council and Responsible Financial Officer)
09 April 2026

The following statement of internal control was considered by Full Council on 16 April 2026.

Minute Reference:

Statement of Internal Control

Financial Regulations & Standing Orders

- The Town Council has adopted Financial Regulations and Standing Orders, based on the model versions prepared by NALC/SLCC. They were last reviewed in May 2025. The Town Council will update their Financial Regulations and Standing Orders, based on the latest model versions prepared by NALC/SLCC to be adopted at the Annual Town Council meeting in May 2026. The Financial Regulations and Standing Orders will be reviewed for continued relevance at least annually and amended where necessary by the Proper Officer with any proposed amendments subject to approval by the Town Council.

Budgetary controls

- The budget for the year ending 31 March 2026 was prepared by the Responsible Financial Officer which was presented and approved by Full Council, as evidenced by reports and minutes in advance of the start of the financial year
- The precept is set on the basis of the budget and submitted in advance of the deadline set by Bassetlaw District Council

Order/Tender controls

- The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work
- Framework Agreements as set out in Standing Orders are utilised when appropriate to do so
- Official orders/letters are issued to suppliers for services which are not regular in nature

Payment controls

- Depending on the nature of the supply, the Responsible Financial Officer checks the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable
- Payment processing is checked by the two members approved as bank signatories and the vice chair as part of a quarterly internal audit process
- Payments will be listed in their corresponding payment month in the invoices files
- Payments to be identified for payment approval by Full Council so that a corresponding minute is recorded

- Invoices are prepared for payment and held in a payment for authorisation folder which is authorised by two Councillors, who are authorised to sign on the Town Council's bank mandate
- All invoices for payment are listed on the report tabled at the Full Council meeting where the expenditure is to be verified
- Payments are subject to scrutiny at the Full Council meeting
- Original invoices are available to all Councillors to view
- Upon request, all Councillors are authorised for read-only access to the Council's current finance software package
- Cheques will be signed by two Councillors, who are authorised to sign on the Town Council's bank mandate
- The Responsible Financial Officer maintains control of the cheque book at all times, cheques will be signed by two Councillors who are authorised to sign on the Town Council's bank mandate
- When invoices are paid by cheque, they are with identified by the cheque number and referenced in the financial software system by the cheque number. This is cross checked with the bank statements.
- Changes to bank account details of suppliers are checked before being acted upon
- On-line payments made via the bank are restricted to the Responsible Financial Officer
- The Town Council maintains a petty cash float in accordance with its Financial Regulations
- The petty cash float is reconciled as and when required and is part of the banking reconciliation reports sent to Full Council

Income controls

- The Responsible Financial Officer ensures that precept amount received is correct in accordance with the precept demand made to Bassetlaw District Council
- The Responsible Financial Officer ensures that the precept instalments are received when due
- The Responsible Financial Officer ensures that other receipts (deposit interest, cemetery fees and sub-contracted work) are received when due and correctly calculated
- Receipts are issued for cash received and a copy kept

- Income is banked promptly

VAT repayment claims

- The Responsible Financial Officer ensures that all invoices are addressed to the Town Council
- The Responsible Financial Officer ensures that proper VAT invoices are received where VAT is payable
- The Responsible Financial Officer maintains a VAT account to show that the correct amount of VAT is reclaimed in the year
- VAT is reclaimed on a quarterly basis

Payroll controls

- Staff contracts are prepared by the Town Clerk and agreed by the Personnel Committee and approved by the Town Council. They are reviewed and amended where necessary by the Town Clerk and approved by the Town Council.
- The Town Clerk's contract is prepared by the Town Clerk with the direct involvement of at least two members of the Personnel Committee. The Personnel Committee to agree the contract with approval being sought from Full Council.
- All employees are paid under PAYE as an employee and the necessary system for HMRC RTI is in place
- All employees' salaries are set by the Town Council and a minute is prepared to show the agreed salary
- Salaries are paid by bank transfer
- The Responsible Financial Officer will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done
- The Responsible Financial Officer will ensure that all necessary pension returns are made to the Local Government Pension Scheme and any other pension provider

Staff expenses

- Staff submit a request for reimbursement of monies owing by way of an expense account. The Town Clerk will approve the reimbursement of the monies owed which will then be included in the accounts for payment schedule sent to Full Council meeting for approval.
- The expenses cover any out-of-pocket expenses as well as motoring expenses as laid down by joint SLCC/NALC guidelines

Cash Book/Bank Reconciliations

- The cash book is kept electronically, maintained up to date from original documents (cash received, invoices, payments (standing orders, direct debits and bank transfers made and cheques as they are prepared)
- The cash book is reconciled to the bank statement monthly
- Reconciled accounts are presented at every cycle of the Full Council meeting for reference
- The latest financial position and movements of the Town Council can be traced back to the expenditure approved at previous meetings

Financial reporting

- A budget control, comparing actual receipts and payments to the budget is prepared on a monthly basis and presented to the Full Council upon request

Asset Control

- The Responsible Financial Officer maintains a full asset register
- The existence and condition of assets should be checked on an annual basis by the Town Clerk and/or the Grounds Maintenance Manager
- The adequacy of insurance of the Town Council's assets is considered in advance of the insurance renewal

Risk Assessment

- A Risk Assessment, in the form of this document, the Statement of Internal Control and Annual Review of Effectiveness of Internal Control, is carried out annually by the Responsible Financial Officer and approved and minuted as adopted by the Town Council

Payments made under section 137 of the 1972 LGA ("The Free Resource")

Tuxford Town Council has the General Power of Competency, if this power lapses the Town Council will return to operating payments under s137 as instructed below.

- A separate s137 account will be maintained
- The Responsible Financial Officer will calculate the maximum amount of s137 expenditure able to be made each year and will ensure that it is not exceeded. The amount will be confirmed to the Town Council

- The corresponding legal power will be identified in advance of any expenditure
- Where requests for expenditure from s137 are made, it will be made clear at the Finance and Services Committee meeting where the payment is to be approved
- A minute authorising expenditure from s137 will be recorded on each occasion

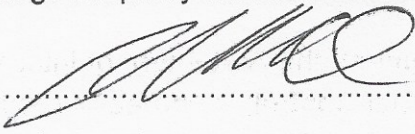
Internal Audit

- The current cycle of internal audit review is on a mid term and year end basis during the financial year
- The internal auditor produces a written report after completion of their audit review which will highlight any deficiencies in the internal controls and make recommendations or confirming that the Town Council's internal controls are sufficiently robust
- This report will be considered by Full Council with approved recommendations being implemented at the earliest opportunity
- The Town Clerk will keep the Full Council updated on the adoption of the auditor's recommendations

Policy History and Review

This policy was reviewed by Tuxford Town Council on 21 April 2022 and took effect immediately, and reviewed 16 April 2026.

In the event of any significant change to the legal position on the Statement of Internal Control, any relevant statutory requirements or any other related matter, this policy will be subject to review. In the event of no change the policy will be reviewed by April 2028.

Approved:  Chairman of the Council

Date: 16 / APRIL / 2026

Folio Reference: FC012

Review Reference

Review Date	Recorded Amendment to the Policy	Signed
21.04.2022	No Amendment	
16.04.2026	Removal of Finance and Services Committee reference (now that the committee has disbanded)	