



Financial Statement Control Policy

1. Scope of Responsibility

Diss Town Council (the Council) is a local authority funded largely by public money and is responsible for ensuring 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.

2. The Purpose of the System of Internal Control

2.1 The Council's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks of failure. It can therefore only provide reasonable and not an 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,
- evaluate the likelihood of those risks being realised, and the impact should then be realised
- manage them effectively and economically.

2.2 The system of internal control accords with the practices set out in the Governance and Accountability for Smaller Authorities in England (March 2017).

3. The Internal Control Environment

3.1 The Council reviews its obligations and budgets and the level of precept required for the following year between October and February each year.

3.2 The Full Council meets 11 times during the year and monitors progress against its objectives at each meeting by reviewing and ratifying all committee decisions. The Council carries out regular reviews of its internal controls, systems, and procedures and has to exercise a proper and reasonable degree of control over financial matters, which it achieves by delegating the task to the Internal Controls Councillor (ICC).

3.3 The Council has appointed: a Town Clerk who acts as the Council's advisor and administrator, and a Responsible Financial Officer (RFO).

3.4 The RFO manages and administers the Council's finances and is responsible for the day-to-day compliance with laws and regulations which the Council is subject to and for managing risks as well as ensuring adherence to the Council's procedures, control systems, and policies.

4. Payments

- 4.1 The Council has adopted Financial Regulations, based on the National Association of Local Council's model, which set parameters for the Council's financial operations. The majority of payments are made by the Bankers Automated Clearing System (BACS) from the account in the name of Diss Town Council with Unity Trust Plc. Two members and an officer of Diss Town Council authorise these payments.

5. Risk Assessment

- 5.1 Diss Town Council reviews its Risk Management Policy annually.

6. Internal Audit

- 6.1 The Council will appoint an independent and competent internal auditor prior to the start of the financial year.¹

7. External Audit

- 7.1 The External Auditor is independently appointed and is currently PKF Littlejohn LLP.²

8. Effectiveness

- 8.1 The Council is responsible 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 monitored by:

- The Council
- The Town Clerk/RFO is responsible for the design and maintenance of the internal control environment and managing risk.
- The independent internal auditor who reviews the Council's systems.
- The external auditor who makes a final check using the annual return.
- The external auditor in their annual report.

¹ Internal & External Auditor Policy

² Internal & External Auditor Policy

INTERNAL CONTROL PROCEDURES

WORK ELEMENT	INTERVAL	ACTION OF RFO / CLERK	COUNCIL ACTION
CASH FLOW	Monthly	To report income from grants, donations, etc. To report on accounts to be paid.	To consider and amend/note income. To consider invoices and authorise payments.
INCOME & EXPENDITURE ACCOUNT and BANK RECONCILIATION	Quarterly	To present to Council a breakdown of income & expenditure, together with bank balance information including expenditure against budget.	To consider and receive the report.
BANK STATEMENTS	Bi-Monthly	To check bank statements against income & expenditure.	Internal Control Councillors to Check Bi-monthly the bank reconciliation.
PETTY CASH	None		
VAT RETURNS	Quarterly	To make a claim to recover VAT on quarterly basis.	To check claim has been made, immediately following the end of each financial quarter (July, October, January & April).
PAYE INCOME TAX & NATIONAL INSURANCE CONTRIBUTIONS	Monthly Annual	To pay appropriate PAYE Income Tax and National Insurance Contributions monthly To complete Employer Annual Return by date specified.	To check payments have been made. To check annual return has been completed and sent
ASSET REGISTER	Annual	To present a report to Council on assets and up-to-date values.	To consider and adopt the reports.
INSURANCES	Annual	To present to Council a report on insurance held and required.	To consider and adopt the report.
END OF YEAR ACCOUNTS AND AUDIT DOCUMENTATION	Annual	To prepare income & expenditure accounts and balance sheet, together with external audit papers for presentation to Council as soon as possible after 31 March.	To consider and adopt the accounts and approve the audit papers.
INTERNAL AUDIT	Annual	To have an audit of the Council's accounts and procedures by an independent & competent agency. The internal audit precedes the formal external audit and feeds into it.	To appoint an internal auditor, and to consider the internal auditor's report.
RFO	Annual	To have a work review and personal action plan, including training if necessary.	To be conducted by the Clerk
COMPUTER FILES	Monthly	To ensure that files are regularly backed up onto a portable hard drive / cloud storage.	To be verified in work review conducted by the Clerk
DOCUMENT SAFETY	As required	To ensure that all essential documents are securely held, and signed minutes are archived on a regular basis.	To be verified in work review conducted by the Clerk
LEGISLATION	As required	To inform Council of legislation impinging on the Council and/or its policies and work programmes.	To consider and act upon the reports.

Internal Financial Applications

INCOME

No	PROCEDURE	CARRIED OUT BY	CHECKED BY
1.	Write out receipt for all income received, and Income to be entered in cash book with either invoice and/or receipt number under appropriate budget heading	RFO	N/A
2.	Appropriate invoice, interment or memorial application, or diary entry to be marked with receipt number	RFO, Lead administrator	N/A
3.	Monthly – all cheques and cash to be entered into cash book and banked	RFO	N/A
4.	Daily – check bank account for income received via BACs and entered into Cash book	RFO	N/A
5.	Weekly – all entries to be entered into computerised accounts system	RFO	N/A
6.	Monthly Bank reconciliation	RFO	Internal Controls Councillor
7.	Ensure the annual precept is paid by South Norfolk District Council into the current account by BACs in two equal instalments – end of April and September each year. As soon as the funds are in the bank account, transfer the precept funds to the investment account.	RFO	As part of Internal Audit

EXPENDITURE

For Wages - Current Account (signatories' requirement the Clerk, RFO and either Chair or Vice Chair of Executive Committee). Note Fidelity Insurance cover is £2,000,000.

No	PROCEDURE	CARRIED OUT BY	CHECKED BY
1.	A receipt is obtained for all expenditure, as employees are to complete appropriate time sheets	RFO	Clerk
2.	Liaise with NALC reference staff wages and makes relevant payments	RFO	N/A
3.	List of Wages to be completed, along with expenses showing nature of goods, budget codes & amount.	RFO	Clerk
4.	RFO to arrange a bank transfer	RFO	Clerk
5.	List of payments to be sent to the clerk and appropriate Councillor for authorisation	RFO	Clerk
6.	Wage Documentation to be filed in Payroll folder in Locked draw in RFO Office	RFO	N/A
7.	Monthly - All entries to be entered into computerised accounts system	RFO	N/A
8.	Monthly Bank reconciliation	RFO	Internal Controls Councillor

Last Reviewed March 2024
New Review February 2026

For General Expenditure - Current Account (signatories' requirement of 2 Councillors and Town Clerk, or RFO).

No	PROCEDURE	CARRIED OUT BY	CHECKED BY
1.	Check invoices against Purchase orders, for accuracy and prepare Payment Voucher showing name of payee, nature of goods, budget code (s), Bacs Number & amount – split net, VAT and gross amounts, and stapled to invoice (s) for twice monthly payment run	RFO	Clerk
2.	Prepare electronic payments for approval by signatories twice a month	RFO	N/A
3.	Prepare a Spreadsheet in order alphabetically & set up the payments on the bank	RFO	N/A
4.	Ensure sufficient funds in bank account, raise necessary transfers between bank accounts	RFO	Clerk
5.	Contact 2 councillor signatories to authorise the payments remotely – Full payment list sent by email with Vouchers and Invoices available on request	RFO	N/A
6.	Signatories approve the transactions, and the payments are released	RFO	2 Councillor Signatories
7.	All entries to be entered into computerised accounts system.	RFO	N/A
8.	Monthly prepare list of payments made for inclusion with the next convenient agenda of Full Council, to be approved in retrospect.	RFO	Clerk
9.	Any Cheques to be signed by two councillor signatories, with the Clerk, or RFO. Cheque stubs to be initialled by signatories. Cheques to be sent out once signed	RFO	2 Councillor Signatories
10.	Vouchers & invoices to be filed in accounts for payment file (Sundry Creditors)	RFO	N/A
11.	Monthly bank reconciliation	RFO	Internal Controls Councillor
12.	Publish Earmarked Reserves and community grants awarded on DTC website	Marketing Administrator	Clerk/RFO
13.	In case of new or infrequent expenditure, quote the statutory authority being used on the payment voucher and ensure inclusion in the minutes	RFO	Clerk

Town Mayor's Charity

This is the same current bank account and treated in the same way as Diss Town Councils Income and Expenditure, but this is coded to the Town Mayors Charities account through Rialtas. In addition, the following procedures apply:

INCOME

No	PROCEDURE	CARRIED OUT BY	CHECKED BY
1.	Financial Summary Excel spreadsheet to be opened at the beginning of each Mayoral Year	RFO	N/A

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2.	Excel spreadsheet to be opened for each fundraising event (Concerts, Mayor's ball)	Lead Office Administrator	RFO
3.	Income to be entered in cash book and coded to Town Mayor's Charity and on to appropriate event spreadsheet	RFO	N/A
6.	After each fundraising event, income from individual spreadsheet to be entered onto Financial Summary spreadsheet Monthly balances to be agreed between Rialtas Town Mayors Charities Code and the Mayoral Financial Spreadsheet	RFO	N/A
8.	Quarterly balances to be agreed between Rialtas Town Mayors Charities Code and the Mayoral Financial Spreadsheet	RFO	Clerk

EXPENDITURE

No	PROCEDURE	CARRIED OUT BY	CHECKED BY
1.	Voucher to be completed for payment showing name of payee, nature of goods, budget Code (s), bacs number & amount – split net, VAT and gross amounts. There should only be one payment per year to the Mayors chosen charity after the Annual Town Meeting	RFO	Clerk
2.	Prepare bacs for authorisation by internal and external signatories	RFO	2 Councillor Signatories
3.	Expenditure to be entered on to Financial Summary Spreadsheet	RFO	N/A
4.	Vouchers to be filed in Sundry Creditors' file	RFO	N/A
5.	All entries to be entered into computerised accounts system	RFO	N/A
6.	Monthly Bank reconciliation	RFO	Internal Controls member
7.	After the expenditure has been entered onto the Financial Summary spreadsheet, this can be closed for the financial year.	RFO	Clerk

The items marked as N/A are routine administrative tasks that do not require checking. They are completed prior to later stages of the process, which are subsequently checked