

KIDDERMINSTER TOWN COUNCIL.

SYSTEM OF INTERNAL CONTROL

This document outlines the Town Council's internal control framework. It supports compliance with the Accounts & Audit Regulations 2015 and provides a structured overview of how the Council ensures effective financial and governance control.

1. Financial Regulations

The Council maintains up-to-date Financial Regulations, reviewed annually. These set out the procedures for financial management, authorisation, procurement, and responsibilities of officers and members.

2. Delegation Arrangements

The Council operates under a clear Scheme of Delegation, approved by Full Council. This defines the authority of the Clerk/RFO, committees, and appointed members for expenditure, decision-making, and operational actions.

3. Budget Setting and Monitoring Procedures

An annual budget is prepared, scrutinised, and approved before the financial year begins. Regular monitoring reports are presented to Council/Finance Committee, with variances investigated. Reserves levels are reviewed to ensure financial stability.

4. Bank Reconciliation Processes

Bank reconciliations are carried out monthly by the RFO and independently verified by a member who is not a signatory. Reconciliations are signed and reported to Council.

5. Proper Book-keeping

The Council maintains accurate and up-to-date accounting records using recognised software/manual systems. Entries are supported by documentation and follow a clear audit trail.

6. Controls Over Payments and Receipts

All payments are authorised by Council or under approved delegation. Invoices are checked and approved. Income is recorded, receipted where required, and banked promptly. Online banking controls protect against fraud, including dual authorisation where applicable.

7. Payroll Controls

Payroll is processed accurately and in accordance with employment contracts. PAYE, National Insurance, and pensions are correctly accounted for. Staff payments are approved and documented.

8. Asset Register Management

The Council maintains an accurate Asset Register, updated annually and whenever assets are acquired or disposed of. Values comply with Governance & Accountability guidelines.

9. Risk Management Procedures

The Council carries out an annual risk assessment covering financial, operational, and governance risks. Insurance cover is reviewed alongside the assessment. Data protection and business continuity risks are included.

10. Internal Audit Arrangements

An independent internal auditor is appointed regularly, but at least once in every 3 years. The scope of audit work is approved by Council. Reports are considered by Council, and recommendations are acted upon.

Approved by Full Council 22nd April 2026.

Review date: April 2027