

INTERNAL CONTROL POLICY

Adopted at a meeting of the Full Council
18 March 2026

1. Introduction

- 1.1** Hebden Royd Town Council is responsible for ensuring that its business is conducted ethically and in accordance with the law, and that public funds are safeguarded, properly accounted for, and used economically, efficiently and effectively in the public interest.
- 1.2** The Council's Standing Orders (including Financial Regulations and Committee Terms of Reference) set parameters for the Council's operations. In discharging this overall responsibility the Council, through the Responsible Finance Officer, will comply with Regulation 4 of the Accounts and Audit (England) Regulations 2011. This 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 which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".

2. The Purpose of the System of Internal Control

- 2.1** Internal controls have four primary purposes:
- to protect the Council's assets,
 - to ensure records are accurate,
 - to promote operational efficiency, and
 - to encourage adherence to policies and procedures.
- 2.2** Hebden Royd Town Council's accounting control systems include measures:
- for the timely production of accounts.
 - that provide for the safe, efficient and ethical safeguarding of public money.
 - to prevent and detect inaccuracy and fraud; and
 - identifies the duties of officers.

3. The Internal Control Environment

Hebden Royd Town Council has adopted many general and specific internal control measures to ensure compliance with its responsibilities. The Council has established the following general internal control systems with specific measures detailed in Appendix A:

3.1 Division of Duties

Whenever possible, a division of duties is adopted by the Council. For example, the payment schedule is prepared by the Executive Assistant to the Clerk and Mayor, checked by the Finance Administrator, finalised by the Town Clerk and approved for payment by the Full Council before payment is made. Where payments are made in advance or in the case of direct debits, these are clearly marked on the payment schedule.

3.2 Council Policies including Standing Orders and Financial Regulations

Council policies are agreed by the Strategy & Review Committee (or other committee as appropriate) and approved at a meeting of Full Council; this includes committee Terms of Reference. These are reviewed as stated in the policy or as required in accordance with the needs of the business by the Town Clerk and where amendments are required will be brought before the Full Council for approval.

Standing Orders and Financial Regulations are reviewed annually by the Full Council.

3.3 Budget Setting and Monitoring

The Annual Budget is approved by Full Council in January each year following detailed scrutiny by the Strategy & Review Committee from October onward.

The Finance Administrator produces a Statement of Account for both the Town Council and the Picture House on a monthly basis, generated from the accounting system Sage, which are considered at each Full Council meeting.

3.4 Independent Internal Auditor

The appointed Internal Auditor is independent of the Council providing an annual report based on guidance from the Smaller Authorities Proper Practices Panel. This report is scrutinised by the Strategy & Review Committee. The Internal Auditor also completes a certificate to be submitted with the Annual Return as part of the annual external audit.

The effectiveness of the Internal Audit is considered annually by the Full Council.

3.5 External Audit

The External Auditor is independently appointed. The external Auditor examines the Annual Return and other documents specifically requested from the Council.

3.6 Annual Governance and Accountability Return (AGAR)

The AGAR is completed by the Town Clerk each year and presented to Full Council. The Full Council must approve the Accounting Statements and Annual Governance Statement by resolution prior to it being forwarded to the External Auditor.

3.7 Asset Register

Hebden Royd Town Council maintains a Register of Assets and ensures that major assets are periodically valued to ensure adequate insurance is held. The register is kept up to date by the Town Clerk and/or HBPH Technical & Facilities Manager as appropriate and is reviewed quarterly and presented annually for approval by Full Council.

3.8 Insurance Policy

An insurance policy is purchased each year and includes cover for assets, Public Liability, Employer's Liability and Fidelity Guarantee.

The Insurance Policy and Assets Register are reconciled annually to ensure adequate cover.

3.9 Risk Management

Hebden Royd Town Council reviews the Council's Financial Risk Assessment annually. Other more specific risk assessments are reviewed by the Council as required in accordance with the needs of the business.

3.10 Protection of Data

Under the Data Protection Act 2018 and General Data Protection Regulations (May 2018), the Council is registered with the Information Commissioner's Office and The PrivacyWorx Limited are the designated Data Controller. Individual computers are password protected and all data is cloud based. Relevant policies in respect of the processing of data are in place.

4. Day to Day Procedures

Hebden Royd Town Council has many day-to-day procedures and checks to ensure accurate and full record keeping as follows:

4.1 Cash Handling

Petty cash of £100 is held by the Council Office and £200 is held by the Picture House, kept in the safe. Any additional cash received is deposited into the safe as soon as practicable and banked at regular intervals by the Executive Assistant to the Clerk and Mayor or Picture House Manager. Cash received is inputted into the cash banking log and the Sage accounting system. The box office system at the Picture House ensures accurate transactions and cash processing.

4.2 Purchasing and Creditor Payments

Expenditure is authorised in accordance with the stipulated budget, and a purchase order is raised with a unique reference number where required.

The Executive Assistant to the Clerk and Mayor will prepare a schedule of payments requiring authorisation and, together with the relevant invoices, it will be checked by the Town Clerk. The schedule will be approved at Full Council with invoices available for inspection.

Creditor invoices are processed by the Executive Assistant to the Clerk and Mayor who will check terms and purchase order numbers, before them being inputted to the Sage accounts system by the Finance Administrator. The Town Clerk actions the electronic payments and all data is included in the monthly reports for Full Council.

4.3 Invoicing

The Town Council staff and Picture House Manager raise invoices for services as appropriate e.g. allotment rental and private hires. Stripe is also utilised as an online payment platform for the Town Council, reducing the requirement for credit control and cash handling. Invoices are entered into Sage by the Finance Administrator. Payments are receipted and banked by the Executive Assistant to the Clerk & Mayor. Credit Control is undertaken by the relevant service officer or referred to the Town Clerk where required.

4.4 Signatories

The Council nominates six signatories for each bank account. The standard signature requirement is the Town Clerk, plus two councillors to sign mandates, change of banking details, payment schedules, and authorisation of salaries. The Town Clerk and Deputy Clerk (arrangements for independent access in process) have access to online banking (process under review to enable dual authorisation for online banking, further dividing duties)

4.5. Bank Reconciliation

The individual monthly bank reconciliations and consolidated bank reconciliation are completed by the Finance Administrator. These are monitored by the Town Clerk and included regularly in the reports to Full Council.

4.6. Statutory Notices

Statutory Notices are displayed on the Council's noticeboards and website in a timely manner.

4.7 Council Office

The Council Office is within a semi-secure building. It opens to the public during the day but can only be accessed by authorised key fob entry after closure. The office itself can only be accessed by secure keypad entry.

Appendix A

This table includes a list of specific measures taken by Hebden Royd Town Council demonstrating that the Council has arrangements in place to ensure its systems of

internal control are fully documented and gives details of how these are administered and monitored.

The table can be used as a template for an annual review to ensure compliance.

<u>System of internal control</u>	<u>Confirmation</u>	<u>Details and Monitoring</u>
1. Appointment of Clerk and Responsible Finance Officer (RFO)	Clerk and RFO appointed to post November 2024	Council reviewed eligibility and resolved to adopt General Power of Competence 17 May 2023 Minute 4. The Clerk is appropriately qualified (Including S7)
2. Adoption of Code of Conduct for Members	New Code of Conduct adopted in June 2022	Resolution to adopt new LGA Code of Conduct made on 09/06/22, and Cllrs reminded of their obligations on 28/05/25
3. Standing Orders and Financial Regulations (adoption and review)	The NALC standard version of both Standing Orders and Finance Regulations has been adopted by the Council. These are supplemented by additional Policies and Procedures	Finance Regulations were adopted 20/11/24 The Standing Orders were adopted 28/05/25
4. Financial and Management Risk Assessment (adoption and review)	The Council regularly reviews its Risk Management	Approval of Risk Management by Full Council on 16/07/2025
5. Asset Register and annual review of accuracy	Asset register is reviewed throughout the year as a working document and formally updated annually.	Reviewed by officers and presented annually for approval.

		This is submitted to the internal auditor for review and testing.
6. Annual review of effectiveness of internal control	Clerk presents the Annual Governance & Accountability Return of accounts, which Provide Members with the evidence of the Council's compliance.	Members consider at Full Council meeting when approving the AGAR.
7. Reappointment and review of the effectiveness of the internal auditor	Julie Winham is the current Internal Auditor.	Effectiveness and appointment approved 18/02/26
8. Review of internal audit arrangements and implementation of any recommendations	The auditor reports to Council on an annual basis.	Report discussed at Strategy & Review Committee and actions put in place to address concerns raised. The Clerk routinely reviews the report ensuring issues are addressed.
9. Safe and efficient arrangements to safeguard public money	Finance Regulations set out all procedures to follow. Supplemented by additional policies including the Reserves & Investments Policy	Reserves & Investments Policy was adopted by Full Council 20/11/24 The Town Clerk is the sole officer with access to the online banking system for accessing account details and transactions, and for making payments.
10. Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Payment schedule authorised at Full Council.	Approval of monthly expenditure takes place at each Full Town Council meeting and all payments over £500 are published on the Town Council website

<p>11. Adherence to the internal financial control systems detailed in the financial regulations</p>	<p>The Council's Financial Regulations are regularly reviewed and updated as necessary, e.g. setting financial authority and limits on spending and addressing areas that may lead to noncompliance.</p> <p>In areas such as Procurement, or large sums of expenditure, professional advice can be sought.</p>	<p>Hebden Royd Town Council's Finance Regulations are followed; this includes quarterly internal checks by council appointed 'internal checkers' reviewing processes as per the checklist.</p> <p>Finance Regulations were last reviewed and amended on 20/11/24</p>
<p>12. Scrutiny of calculations provided to monthly payroll</p>	<p>The Executive Assistant to the Clerk & Mayor calculates standard and overtime for staff on variable hours. This is reviewed by the Town Clerk before being sent for processing.</p>	<p>Salaries are approved annually following the appraisal report presented to the Staffing Committee.</p> <p>Salaries authorisation is signed by two councillors.</p> <p>Internal auditor reviews compliance and ensure that staff are paid at the corresponding scale.</p>
<p>13. Regular employer returns to HM Revenue and Customs</p>	<p>Monthly returns made to HMRC. All staff have employment contracts, with a sound system of updating changes</p>	<p>An external payroll professional is contracted to process salaries and pensions, and salary related documentation. (Dalton Smith)</p> <p>The Clerk confirms all instructions in writing and checks the reports.</p>

<p>14. Completion of quarterly VAT return and the RFO ensuring they are up to date in matters of VAT and other taxation issues as necessary</p>	<p>Regular quarterly VAT returns submitted by the Finance Administrator. Relevant training is provided.</p>	<p>Quarterly returns submitted.</p>
<p>15. Regular budget monitoring statements provided to council</p>	<p>Hebden Royd Town Council uses the Sage Accounting system and produces a statement of account after the monthly bank reconciliation has taken place.</p>	<p>Statement of Account for HRTC and HBPH provided to Full Council on a regular basis.</p> <p>The statement shows the budget against YTD, variance and fund available.</p> <p>The Picture House Committee also reviews the monthly forecast and cumulative analysis.</p>
<p>16. Procedures for dealing with and monitoring the Council's Community Grants scheme.</p>	<p>There is a policy in place for HRTC Community Grants.</p>	<p>Grants decided by the Community Funding Committee following appropriate scrutiny.</p> <p>Funding agreement to be signed and end of grant report submitted,</p>
<p>17. Minutes properly numbered with a master copy kept in safekeeping</p>	<p>Minutes are properly numbered</p>	<p>Minutes are stored on the cloud and published on the website.</p>
<p>18. Procedures for document receipt, circulation, response, handling and filing</p>	<p>Erasure and retention policy is in place.</p>	<p>Hard copy filing system is secure in locked environment and items disposed of as appropriate.</p> <p>Email accounts are monitored regularly by officers and correspondence actioned</p>

		according to agreed standards.
19. Procedures in place for recording and monitoring Members' Registers of Interests and recording any Gifts and Hospitalities received	<p>Code of Conduct issued to Members clearly sets out requirements.</p> <p>Clerk and CMBC Monitoring Officer are available to give advice and support re interests to be registered and whether Gifts/Hospitality need to be declared.</p>	<p>The Town Clerk reminds Members to advise of any updates to their Interests forms annually.</p> <p>Forms are shared with CMBCs Monitoring Officer and are published on the CMBC website and on the HRTC websites.</p> <p>Forms are available from the Town Clerk to record any Gifts and Hospitality received totalling more than £50</p>
20. Procedures in place for staff to keep up to date with best practice internal control for Councils.	Annual conference and additional ad hoc training courses available	<p>The Town Clerk undertakes regular training as part of CPD.</p> <p>Training opportunities made available to councillors.</p>