

## **SHEPTON MALLET TOWN COUNCIL**

### **CORPORATE GOVERNANCE STATEMENT 2021**

#### **1.1 Purpose of the Governance Framework**

The governance framework in force during the year comprises the systems and processes and culture and values by which the authority is directed and controlled. It enables the authority to:

- Define the role of Councillors and Officers so that each has clearly defined functions and roles
- Uphold high standards of conduct for councillors and officers
- Provide procedures to ensure effective scrutiny
- Provide a structured working environment
- Meet all legal requirements including those as an employer
- Provide a system of internal control
- Provide an effective medium for communication with the public

#### **1.2 Purpose of the system of internal control**

The system of internal financial control can provide reasonable, but not absolute assurance, that assets are safeguarded, sales and purchase are properly recorded, that all transactions are authorised and correctly recorded and that any material errors or irregularities are either prevented or would be detected within a timely period.

The system of financial control is based on a framework of regular management information, financial regulations, administrative procedures, management, supervision and a policy of delegation and accountability. This system must be reviewed regularly.

#### **1.3 The Governance Framework**

Reviews, development and maintenance of the internal control systems are undertaken by the Town Clerk, the Responsible Financial Officer and by the internal auditor. In particular, the system includes:

- Comprehensive budgeting and costing systems
- Regular meetings between staff and the Town Clerk and the Chairman
- Circulation of financial reports that indicate actual expenditure against budget
- Clearly defined capital and revenue guidelines
- Submitting to the appropriate committee a detailed report of the work of the internal auditor during the year

#### **1.4 Standing Orders**

Standing Orders were reviewed and adopted in September 2019 and will be reviewed again in September 2022.

## **1.5 Financial Regulations**

Financial Regulations were reviewed and adopted in January 2020 and will be reviewed annually. The National Association of Local Councils are undertaking a throughout review of the document and will be a new template for consideration and adoption during the year. The Officers can confirm that the current Financial Regulations have been reviewed and do not require any updates.

As part of this review the officers have identified that there is a necessity to complete the following policies

- Medium Term Financial Plan
- Investment Policy and Treasury Management
- General Reserves and Earmarked Fund Policy
- Procurement Policy

## **1.6 Anti-Fraud and Corruption Strategy**

A policy was adopted on 19<sup>th</sup> March 2019 and distributed to councillors and staff.

## **1.7 Risk Management**

A Risk Management Policy and Strategy has been adopted and is regularly reviewed by the Town Clerk. A risk register is used as a tool by the clerk on a regular basis when considering any activity of the council.

A previous Financial Risk Assessment was adopted at the meeting on 23<sup>rd</sup> June 2020 (late due to pandemic) and is presented at this meeting for adoption for 2021.

## **1.8 Written Processes**

Written processes and procedures for financial and other are in force. A review of all policies and procedures is always ongoing.

## **1.9 Review of HR Protocols**

A thorough review of all policies relating to the employment of staff, including family friendly policies, has been done:

- Employee Handbook
- Lone Working
- Stress at Work
- Equal Opportunities
- Dignity at Work
- Eye Test Policy
- Whistleblowing

## **1.10 Performance Management and Measurement**

All matters pertaining to Corporate Governance, any related policies, practices or procedures are dealt with by the Policy and Resources Committee. Reports are brought to this committee regularly.

## **1.11 Review of Effectiveness**

The Town Council conducts an annual review of the Governance Framework and the system of internal control. The review is carried out by the Town Clerk and the

Responsible Financial Officer and reports to the Policy and Resources Committee and ultimately Full Council.

### **1.12 Significant Governance Issues**

General Power of Competence has been lost and hopefully will be restored at a by election which has been called for May 2021. The council, due to the co-option of one councillor following the May election in 2019, and the subsequent resignation or departure of a further 5 councillors this year, has only 62.5% of the council elected at the annual meeting in May 2019 and does not meet the criteria (66%). Therefore, the RFO will ensure that all expenditure is either committed due to an activity that has already started under the GPC, or is committed using a power bestowed on the council by legislation

No internal control issues have been identified. A thorough review of all existing policies and the officers have identified the policies that need to be introduced this year.

Signed

Chair of Shepton Mallet Town Council

Responsible Financial Officer

Dated 5<sup>th</sup> January 2021