



## **INTERNAL CONTROL POLICY**

### **GENERAL**

Bishopsteignton Parish Council is responsible for ensuring that its business is conducted in accordance with the law, proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

Regulation 3 of the Accounts and Audit Regulations 2015 states that 'a relevant authority must ensure that it has a sound system of internal control which:

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives.
- b) ensures that the financial and operational management of the authority is effective.
- c) includes effective arrangements for the management of risk'

### **THE PURPOSE OF INTERNAL CONTROL**

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, efficient and economical exercise of the Councils functions, and which includes arrangements for the management of risk.

The system of internal control is designed to reduce risk to a reasonable level to achieve aims and objectives within the bounds of Council policies, and therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system is on-going, and the process is designed to identify and prioritise the risks and to evaluate and manage these accordingly.

### **RESPONSIBILITY FOR INTERNAL CONTROL**

The Council should understand its internal controls because Councillors will be required to state (as part of the Annual Governance Statement in the Annual Return) that adequate systems of internal control, including measures designed to prevent and detect fraud and corruption are in place and that it has made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.

The Council has made and will keep under review Financial Regulations, Standing Orders, and other relevant policies that define its responsibilities relating to financial control including management of contracts.

### **INTERNAL AUDIT:**

An independent Internal Auditor (IA) shall be appointed by the Council every 3 years, based on competence, independence and service charge. The IA shall report to the Council on the adequacy of Bishopsteignton Parish Council Records, Procedures, Systems, Internal Controls, Regulations, Risk Management, and Reviews. The IA will conduct a review every year prior to the completion of the Annual Governance Annual Return (AGAR) which shall include completion of page 5 by the IA.

### **EXTERNAL AUDIT:**

The Councils External Auditor (EA) is appointed by the Public Sector Audit Appointments (PSAA) in accordance with the Local Audit and Accountability Act 2014. Currently this is PKF Littlejohn LLP who shall indicate the deadlines for submission of relevant documents for audit purposes. Upon completion of its audit the EA shall issue an annual audit certificate and recommendations for future internal controls.

### **SYSTEMS OF INTERNAL CONTROL**

The following checklist details the systems of internal control and should be used to ensure that the responsibility for internal control is being adequately met by the Council and its employees, officers and members.

CONTROL	REVIEW DATE	HOW/WHO	ACTION: CLERK/ RFO	ACTION: COUNCIL
<b>Appointment of Staff:</b> Specifically, Clerk/ Proper Officer/ RFO	As necessary	Full meeting	Current Clerk to provide/ensure adequate hand-over to any new staff	To appoint a suitably qualified and experienced employee for the role
<b>Appointment of Internal Auditor</b>	Every 3 years	Full meeting	To provide a complete set of accounts for completion of the AGAR	To appoint a suitably qualified and experienced IA
<b>Audit Trail</b>	As necessary	RFO	To ensure that all payments and receipts are properly recorded, tracked and referenced from order to completion	To monitor payments and receipts as per the bank reconciliation and financial reports provided at regular intervals by the RFO
<b>Budget and financial monitoring:</b> Budget Monitor Cash Book Bank Reconciliation Bank Statements Invoices/ Receipts Payments List Petty Cash	Quarterly Monthly Monthly Monthly As necessary Monthly N/A	Full meeting	To report on all aspects of income, expenditure, payments for consideration. To provide relevant receipts and invoices and reconciliation documents along with bank statements and details of any cash received/ held	To consider and note the reports on Council finances as provided by the RFO
<b>Budget and financial planning:</b> Budget proposal/ approval Precept setting	Annual Annual	Finance Committee before Full meeting	To produce a budget and precept proposal to Finance Committee. Amend accordingly for presentation to Full Meeting.	To consider and approve the budget proposal and set precept in line with evidence provided by the Clerk & RFO
<b>Compliance with HMRC</b> PAYE NI	Monthly	Outsourced to payroll provider	RFO to ensure PAYE and NI are calculated and payments submitted monthly to HMRC.	To ensure payments have been submitted
<b>Compliance with publication of public notices:</b> Agenda Minutes AGAR & Conclusion of External Audit Exercise of Public Rights Constitutional documents Asset Register	Per meeting Within 28 days Annual Annual Annual Annual	Website/ noticeboards	To ensure all public notices have been completed and displayed in a timely manner	To ensure they receive and approve relevant papers/ notices

CONTROL	REVIEW DATE	HOW/WHO	ACTION: CLERK/ RFO	ACTION: COUNCIL
<b>Document Safety:</b> Hard Files Computer Files Website Email	As necessary As necessary As necessary As necessary	Each member/ staff/ officer	To ensure that appropriate measures are in place for document storage, locked filing cabinets or office room, computer passwords virus protection, spyware and security is in place. Sensitive information is password protected, documents are signed and archived regularly.	To ensure that Council documents are kept safe and that appropriate computer security is in place, to use Council email address and ensure that they adhere to policy when dealing with Council documents and property.
<b>End of Year Accounting and Audit regulations:</b> AGAR External Audit	Annual Annual	Full Meeting	RFO to prepare income & expenditure accounts and supporting documents in line with AGAR and external audit	To consider and adopt the accounts and to approve AGAR papers
<b>Insurances</b>	Annual and following amendments to the asset register	Company/ Broker	To ensure that appropriate insurances are in place and up to date in accordance with the Asset Register and report to Council as necessary	To receive Insurance reports as necessary
<b>Management of banking facilities and arrangements</b>	As necessary	Via branch	To ensure that facilities meet the requirements of the Council	To liaise with the Clerk/ RFO and ensure facilities meet the requirements of the Council
<b>Management of VAT:</b> Record VAT on payments VAT Reclaim	As necessary Quarterly	Clerk/RFO VAT 126	To appropriately record VAT payments and submit the VAT return using the appropriate forms	To ensure that the VAT return has been submitted and to check VAT against payments & income with finance monitoring
<b>Meetings of Committees</b>	As scheduled	At BCC or on site, as indicated on the agenda	To produce and serve relevant papers on the Committee and public as necessary	To attend meetings and read all relevant information provided by the clerk/ RFO. To observe the 6 month rule and produce updates and reports as necessary

CONTROL	REVIEW DATE	HOW/WHO	ACTION: CLERK/ RFO	ACTION: COUNCIL
<b>Meetings of the full Council</b>	Approximately 8 meetings per year.	BCC	To produce and serve relevant papers on the Council and public as necessary	To attend meetings and read all relevant information provided by the clerk/ RFO. To observe the 6 month rule and produce updates and reports as necessary
<b>Relevant policy and procedure:</b> Financial Regulations Code of Conduct Standing Orders Grants Policy Internal Control Risk Management Scheme Other Relevant Legislation	Annual Annual Annual Annual Annual Annual As necessary	Strategy & Governance Committee / Full Council	To ensure that all policies and procedures are up to date and in place and to ensure Council is informed of all legislation relating to its functions/ business	To familiarise themselves with all relevant policy, procedure and legislation and to adopt policies as necessary
<b>Staff contracts up to date</b>	As necessary	Full Council	Clerk to ensure that contracts are up to date and reviewed as necessary	To ensure that staff reviews inform contracts for review
<b>Clerk/ RFO Performance Review</b>	Annual	As agreed. Currently Chair & Vice-chair jointly act as line manager	To attend relevant appraisal and consider personal development and action plan for new objectives	To review and appraise the Clerk as necessary
<b>Training and Development</b>	As necessary	Full Meeting	To produce a training matrix and identify relevant training and training budgets for members and staff/ officers	To identify areas of training and attend relevant training identified for their role by the Council or via personal review