



## *BEAN PARISH COUNCIL*

# INTERNAL CONTROL POLICY

### 1. SCOPE OF RESPONSIBILITY

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; and
- c) includes effective arrangements for the management of risk’

Bean Parish Council (*the Council*) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and 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

Internal control is designed to reduce financial risk to the Council

The system of internal control is designed to ensure that the council’s activities are carried out properly and as intended. Internal controls are set up by the Responsible Finance Officer (*the RFO*) but it falls on the Council Members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### **3. PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT**

#### **3.1 The Council:**

✓The Council has appointed a chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Chairman signs the last page of the Minutes.

✓Decisions made should be within the Standing Orders and Financial Regulations laid down and approved by the Council.

✓The Council reviews its obligations and objectives and approves budgets for the following year at its January meeting. The January meeting of the Council approves the level of precept for the following financial year.

✓The Council receives a monthly financial statement which it approves at its Council meetings. Payments are made in accordance with Standing Orders and Financial Regulations.

✓When cheques are utilised two Members (out of three named signatories) must sign all cheques. The signatories will ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice.

✓At the year end, the Chairman and Lead Member on Finance shall ensure that the cash book totals are reconciled to the year end bank statement

#### **3.2 Clerk to the Council / Responsible Financial Officer:**

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's RFO and is responsible for administering the Council's finances. The Clerk/RFO is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk/RFO also ensures that the Council's procedures, control systems and policies are maintained.

✓ The duties of the Clerk / RFO are laid down in a Job Description

✓The RFO submits all the requested information to the External Auditor by the required date

✓The RFO arranges for the public notices to be displayed

✓The Clerk/RFO will retain all relevant documents relating the financial year for 6 years

### **3.3 Internal Auditor**

The Council has appointed an Independent Internal Auditor (*the IA*) who will report to the Council on the adequacy of its:

- records
- procedures
- systems
- internal control
- regulations
- risk management
- reviews

✓The Council agrees to the appointment of a competent and independent Internal Auditor annually.

✓The IA will inspect the accounts at the year end (prior to completion of the Annual Return pages 2 and 3) and will complete page 5 of the Annual Return

✓The IA will, where appropriate, write a separate report to the Council (a copy of which is sent to the Chairman) detailing any findings they might have.

✓Any report of the IA is copied to all members of the Council and considered as an Agenda item at the next meeting. Recommendations from the report will be recorded in the minutes.

### **3.4 External Audit:**

The Council's External Auditors, Mazars LLP, submit an annual Certificate of Audit, which is presented to the Council.

## **4. REVIEW OF EFFECTIVENESS**

The Council has responsibility 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 informed by the work and any issues identified by:

- Full Council – identification of new activities
- Clerk to the Council / Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks – risks identified
- Internal Auditor who reviews the Council's system of internal control. The auditor will make a written report to the Council (in addition to Section 4 Report in the Annual Return.) – action arising from reports
- The Council's External Auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the

Internal Auditor. The External Auditor issues an annual audit certificate – action arising from Audit Report.