



Kingsteignton Town Council

Internal Control Policy

For year ending 31 March, 2022

SCOPE OF RESPONSIBILITY

Kingsteignton Town 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.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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 Town Clerk/Finance Officer, but it falls on the Council members to ensure that they have a degree of control and understanding of those controls and that the effectiveness of the system is reviewed at least annually. It provides reasonable but not absolute assurance of effectiveness. 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.

PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT

The Council

- The Council has appointed a Mayor and Chair of the Finance Committee, who are responsible for the smooth running of meetings and the Town Clerk should ensure that all Council decisions are lawful. The Chairman of the Committee signs the last page of the minutes and initials all other pages.
- The Council uses RBS Software to maintain its accounts and Teignbridge District Council to run its payroll. It uses Local Council Risk System software to manage its risks. Banking services are provided by NatWest and Lloyds Bank and an Internal Audit Service is provided by Auditing Solutions Ltd. The Council monitors transactions and procedures through the Finance Committee. The External Audit is undertaken by PKF Littlejohn.
- The Town Clerk/Finance Officer, on behalf of the Council, carries out regular risk assessments in respect of actions and regularly reviews its systems and controls.
- Payments are made in accordance with the Standing Orders and Financial Regulations laid down and approved by the Council and paid by the following methods.
 - Cheque requiring two signatures (**Cheques will be signed in the presence of the Town Clerk or Finance Officer. Members will initial the cheque stubs**)
 - BACs requiring two signatures (**Invoices will be signed in the present of the Town Clerk or Finance Officer.**)

- Direct Debit/Standing Order
- Debit Card (**Use of Council Debit Card:** that before any transactions are made on the Debit Card a Purchase Order should be issued and two signatories asked to sign and approve.)

The Council receives a monthly financial statement which it approves at its Finance meeting. At the year end the Chairman shall ensure that the cash book totals are reconciled to the year-end bank statement.

- The Council reviews its obligations and objectives and approves budgets for the following year at its November Finance meeting. The November Finance meeting of the council discusses the level of precept for the following year which is approved at the January Full Council meeting
- At the year end, the Chairman shall ensure that the cash book totals are **reconciled to the year-end bank statement.**

Clerk to the Council/Responsible Finance Officer

The Council has appointed a Town Clerk to the Council who acts as the Council's advisor and administrator. The Town Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk 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 Finance Officer submits all the requested information to the External Auditor by the required date.
- The RFO arranges for the public notices to be displayed.
- The Finance Officer will retain all relevant documents relating to the financial year for 10 years (Annual Return, VAT returns, PAYE/NIC information, Public Notices, Fixed Asset Register, Risk Assessments, accounts and supporting information)

Internal Auditor (IA)

The Council has appointed an Independent Internal Auditor who will report to the Council on the adequacy of it's:

- ✓ Records
 - ✓ Procedures
 - ✓ Systems
 - ✓ Internal Control
 - ✓ Regulations
 - ✓ Risk Management
 - ✓ Reviews
- The effectiveness of the internal audit is reviewed annually, and the council agrees to the appointment of the IA. The IA is competent and independent.



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- The scope of the work (and the charge) of the IA is reviewed every three years and the review and the appointment is minuted.
- The IA will inspect the accounts half yearly and annually (prior to completion of the Annual Return page 2) and will complete page 5 of the Annual Return.
- The IA will write a separate report of the Council detailing any findings they might have.
- The 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.

External Audit

The Council's External Auditors, appointed by the Society of Local Councils, submit an External Auditor's Report, which is presented to the Full Council.

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 Finance 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 Auditor, who makes the final check using the Annual Return, a form completed and signed by the Responsible Finance Officer, the Mayor, and the Internal Auditor. The External Auditor issues an annual audit certificate, action arising from Audit report.

SIGNIFICANT INTERNAL CONTROL ISSUES

The significant internal control issues identified during the financial year to 31 March 2021 will be included in this document when they are received.

