

BOROUGH GREEN PARISH COUNCIL
ACCOUNTING: INTERNAL RISK CONTROL PROCEDURES
(Reviewed December 2016)

| Hazard | Risk | Controls | Monitoring Process | Actioned |
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| Incorrect budgeting | Over/under-spending | Budgets prepared annually, | Budget to be approved by Finance Cttee, ratified by Parish Council | 2016/2017 budget approved by PC 04/01/16 (<i>copy of minute enclosed</i>). |
| Non-budgeted expenditure | Overspending | All expenditure over £500 to be authorised by BGPC | All individual items over £500 to be approved by PC as and when they occur. | RFO seeks PC approval as necessary. Internal Auditor checks. |
| Budget monitoring: Income & expenditure incorrectly allocated | Incorrect accounting | Budget outturn statements to be presented to Finance Cttee and reported to the subsequent council meeting | Regular Finance Cttee. meetings held. Details of large amounts of income reported to Cllrs monthly | RFO to arrange meetings |
| Incorrect accounting | Financial state misleading. Maladministration | Monthly reconciliation of bank accounts. Bank reconciliations to be verified quarterly by a councillor excl signatory and Chairman | Monthly bank reconciliations made and sent to Cllrs monthly Quarterly verification | RFO actions Internal Auditor checks Councilor actions: checks, verifies by signing. On conclusion, reported to council. |
| Invoices not dispatched on time | Bad debts | Correct diary records to be kept and invoices raised promptly | B/F system in diary. Regular user pays by BACS. | RFO actions Internal Auditor checks |
| Delayed banking | Loss of income | Prompt banking of cheques/ cash received | Cheques and cash banked within month received. | RFO actions Internal Auditor checks |
| Payments made incorrectly | Fraud and maladministration | All invoices to be endorsed when cheque issued or BACS payment made 2 Cllrs to sign cheques and payments list and initial cheque stubs. Invoices to be signed or initialed | Clerk endorses invoices accompanying cheques. All cheques signed by 2 Cllrs. and stubs initialed List of payments authorized by BGPC monthly and list signed by 2 signatories. Invoices initialed by the same above 2 signatories | RFO checks invoices, advises all Cllrs of details of cheques to be signed/payments to be made and makes invoices available prior to authorisation. Internal Auditor checks. |
| Petty cash errors | Fraud. Bad debts | Detailed record of all tel/postage expenses + receipts for items purchased. Regular reimbursement of petty cash (1/4ly) | Detailed petty cash vouchers issued for cash reimbursement. Dedicated phone line for most outgoing calls + B/B reimbursed quarterly. | RFO actions Internal Auditor checks |
| Credit/debit cards | Inappropriate use of cards | No personal credit/debit cards to be used for BGPC expenditure unless authorized by the RFO to £500 max | RFO to check and ensure actioned | RFO actions |

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| Regular payments | Incorrect Direct Debits & Standing Orders | RFO to prepare list of regular payments Approval of Variable D/Ds Council to approve any Banker's SO required Council to approve any BACS/CHAPS payments required | List to be presented to council monthly BGPC to approve as required BGPC to approve as required BGPC to approve as required | BGPC to approve all regular payments BGPC to resolve to approve BGPC to resolve to approve BGPC to resolve to approve |
| Payroll | Over/underpayments. Incorrect PAYE/superannuation | Monitor hours through time sheets as required. Correct PAYE records. Monthly RTI submissions to HMRC. Issue pay slips monthly KCC advised monthly of superannuation payments | All time sheets & records received/updated on a monthly basis. | RFO checks. Discusses with employees as necessary. Internal Auditor checks |
| | Unrealistic salaries | All salaries to be reviewed annually in November | Schedule to be signed by 2 signatories | RFO actions changes Verified by internal auditor |
| Inadequate insurance | Fraud. Non-cover of losses | Adequate fidelity guarantee cover Regular review of all risks Insurance cover for new items Regular liaison with insurance company to ensure adequate cover | Insurance amended to cover new major purchases. Cover reviewed by Finance Cttee annually . Competitive quotations to be sought periodically | RFO actions changes to insurance cover as necessary. BGPC regularly reviewed insurance cover each year Internal Auditor checks Fidelity guarantee insurance increased July 2011. |
| Loss of assets through fire, theft and all risks | Financial loss | Updated Assets Register Adequate insurance cover and review | Asset Register updated as changes occur Fin.Cttee. to check insurances for recommendation to council | RFO maintains Asset Register. Checked by Internal Auditor. RFO actions changes to insurance cover as necessary. |
| | Loss of stock and equipment | Stock and store to be checked | Annual stock-take | Clerk to ensure actioned |
| Non-compliance with legal requirements | Civil and criminal proceedings | Regular review of Standing Orders to comply with statute Review Financial Regs as required | Amended Standing Orders adopted 6.8.12 based on current Model SOs. Amended Financial Regs adopted 2.11.15 | Cllrs update/revise as necessary. BGPC approves RFO actions Internal Auditor checks |
| Non-compliance with periodic reclamations | Non-compliance with law/regulations and subsequent proceedings | VAT to be reclaimed regularly | VAT reclaimed approx 6-monthly | RFO actions and maintains records Internal Auditor checks Periodic checks by HM C&E |

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| Inadequate system of internal control | Error. Fraud | Appointment of Independent Internal Auditor Accounting Risk Control Procedures in place Statement on Internal Control in place | Independent Auditor appointed 5.12.16 for a 2-year period : 16/17 & 17/18 F/Ys (<i>copy of minute enclosed</i>). Accounting Risk Control procedures reviewed annually (Dec 2016) | RFO actions and liaises Audit Commission checks Council approval Dec 2016 |
| Lack of acknowledgement of Auditor's report | Non-compliance. Error. Fraud | Report of Auditors' statements to Council with programme of action as necessary. Implement action | Independent Auditor's report to PC 08/08/16 (<i>Copy of minute enclosed</i>). Audit Commission's report to PC 3/10/16 (<i>copy of minute enclosed</i>). | RFO circulates all information to all Cllrs. and ensures recommended action followed. RFO advertises and makes documents available to parishioners for inspection |
| Effectiveness of Internal Auditor | Error, fraud, financial loss | Review appointment and performance annually. | Reviewed 12/16. Updated Statement of Internal Controls reported to council Dec.2016. | Council approved Updated Statement of Internal Controls 01/17 Audit Commission checks |
| Lack of training | Potential poor performance | Clerk's training to be updated regularly and as appropriate | KCC/T&MBC/KALC/SLCC courses attended as and when they arise. | RFO seeks BGPC approval of all relevant training sessions/courses and attends whenever possible as CPD |