



Beverley Town Council

Internal Control Policy

**To be reviewed annually at the
Annual Meeting of the Council in May**

Internal Control Policy

1. Purpose of this Policy

- (a)** Beverley Town Council recognises the importance of risk management to maintain the ability to deliver the activities and services expected of the council. Risk management is a factor that enables the Council to satisfy its objective to deliver high quality public services.
- (b)** The purpose of this policy is to set out the governance and management arrangements for the effective management of risk and to inform the councils responses to assertions (2) and (5) as set out in the Annual Governance and Accountability Return (AGAR).

2. Background

- (a)** Beverley Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper practices, 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 and for reviewing the effectiveness of internal audit.
- (b)** Beverley Town Council is to be fully committed to effective risk management, adopting best practices in the identification, evaluation and control of risks, in order to;
 - i.** integrate risk management into the culture of the Council,
 - ii.** eliminate or reduce risks to an acceptable level,
 - iii.** anticipate and respond to changing social, environmental and legislative requirements,
 - iv.** prevent injury and damage and reduce the cost of risk, and
 - v.** raise awareness of the need for Risk Management.
- (c)** The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- (d)** This policy is supported by the listed other Council approved policies, procedures and protocols.

3. Legal Framework and Compliance

- (a) The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement with proper practices in relation to the accounts. Risk management is part of the review and when completing the AGAR for the external auditor, the Council is confirming the following assertions.
- (b) Internal Control: Assertion 2
'We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.'
- (c) In order to warrant a positive assertion, the council must comply with several processes that need to be in place and effective as set out in page 9 of the Accountability and Governance Practitioners Guide 2021. Using this guidance, Beverley Town Council has developed an internal controls checklist (Appendix A). This checklist will be used by a working group of three councillors, at least once a year, to review the effectiveness of the internal control procedures. The outcome of the review will be formally reported and minuted at a council meeting.
- (d) As internal audit forms part of risk management and internal control, Internal audit report(s) should inform the authority's responses to (Assertions 2 and 6) in the annual governance statement. Internal audit reports will therefore be made available to support and inform members considering the authority's approval of the annual governance statement.
- (e) Risk Management: Assertion 5
'We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required'
- (f) In order to warrant a positive response to this assertion, the authority needs to have the following arrangements in place:
- i. **Identifying and assessing risks** — The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.
 - ii. **Addressing risks** — Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.
- (g) To meet this assertion, Beverley Town Council will be adopted a Risk Assessment Policy and Risk Assessment document that is reviewed by the council on an annual basis or when the risks are subject to change. Where required Beverley Town Council will appoint external contractors to assist with the risk management arrangements.

(h) Additionally, to meet this assertion, the detailed arrangements for asset management and insurance are set out in section 3.i (below) of this policy.

(i) Asset Management and Insurance

The Council will adopt an Asset Register Policy for insurance and asset management purposes. As insurance forms part of risk management, Beverley Town Council will review the insurance policy time of renewal. Changes will be made to the insurance policy as and when circumstances require such as the acquisition of a new item of equipment. As a minimum requirement, the council's insurance policy will cover:

- i. Public liability
- ii. Employers liability
- iii. Personal accident.
- iv. Fidelity Guarantee: Theft of money including through staff dishonesty
- v. The protection of the physical assets owned by the Council i.e. loss, damage etc
- vi. Loss of rental income
- vii. Legal Liability: Including but not limited to Corporate Manslaughter and Corporate Homicide, Libel and Slander and other legal expenses.
- viii. Cyber Liability

4. Responsibilities

(a) Beverley Town Council as a corporate body is responsible for the effective management of risk. Members have ultimate responsibility for risk management as risks threaten the achievement of policy objectives. In the context of risk management members should;

- i. Exercise leadership,
- ii. Consider and adopt current and future risk management policies and strategies, and
- iii. Support and monitor the risk management process.

5. Review of the Policy

(a) This policy will be reviewed on an annual basis or as required to comply with legislative changes.



Approved and Adopted by Full Council on 20th February 2023

Signed

A handwritten signature in black ink that reads 'Linda Johnson'. The signature is written in a cursive style with a small 'L' and 'J' at the beginning.

Councillor Linda Johnson
Mayor of Beverley

A handwritten signature in black ink that reads 'Matthew Snowden'. The signature is written in a cursive style with a large 'M' and 'S' at the beginning.

Matthew Snowden:
Acting Town Clerk

