

Partney & Dalby Parish Council

Internal Controls Policy

1.1 Objective: The Accounts and Audit Regulations 2003 states that a Council shall be responsible for ensuring that its financial management is adequate and effective and that it has 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.

1.2 These same regulations also require that Councils conduct at least once a year in accordance with proper practices, a review of the effectiveness of their system of internal control and publicly report the outcome. This annual governance review must include a separate review of internal audit.

1.3 Such review must be balanced to the council's internal audit needs and usage. It should be designed to provide sufficient assurance for the council that standards are being met and that the work of internal audit is effective. It requires that Councils judge the extent and scope of the review by reference to their own individual circumstances.

Purpose of Internal Controls

2.1 The system of internal control is designed to ensure that the Council's activities are carried out properly and as intended. This includes oversight that the Council is acting within its powers and is compliant with legislation. Internal controls are set up by 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, evaluation and impact of risks and to manage them efficiently, effectively and economically.

Persons effecting Internal Control

3.1 The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. In the absence of the Chair, the vice Chair assumes these responsibilities.

3.2 The Council has appointed a Finance Officer who has delegated responsibilities with regard to financial, resources, and staffing matters. The Finance Officer is the Council's Responsible Financial Officer and is responsible for administering the Council's finances.

3.3 The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. 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.

3.4 The Council has appointed an Independent Internal Auditor who is required to report to the Council on the adequacy of its:

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

Effectiveness of Internal Audit

4.1 The appointment of the Internal Auditor [who must be competent and independent] shall be confirmed annually.

4.2 Regulations require that the effectiveness of internal audit shall be reviewed annually and shall be minuted.

4.3 Consistent with the extant terms of reference, the Internal Auditor shall report to the Council detailing the results of the agreed [internal Audit] work program. Such report and recommendations to be minuted.

4.4 The scope of the work (and charge) for the work programme shall be reviewed annually and minuted.

External Audit:

5.1 The Council's External Auditors, appointed by the Audit Commission, submit an External Auditor's Report, which is presented to the Council.

A. Qualifications and Experience of Internal Auditor

The law does not stipulate any particular qualification or experience requirements for the Internal Auditor, however generally accepted practice infers that the auditor can demonstrate a reasonable level of competence and that they:

A.1 Possess a CCAB accounting, or other relevant qualification

A.2 Have direct experience of 'auditing' organisations similar in size to the Council

A.3 Are familiar with the regulatory framework for parish councils

B. Scope of work for internal audit program

The Council shall agree with the Internal Auditor a programme of work that embraces:

B.1 Proper bookkeeping: ensuring that the primary books of account reflect an accurate record, including correct analysis of all payments and receipts, and that these are supported by correctly authorised vouchers. This process will also ensure that the cashbook is written up on a timely basis, that arithmetic is correct, and that it is balanced at least monthly.

B.2 Standing Orders and Financial Regulations: ensuring that these are reviewed consistent with policy and that the affairs, operation, and decisions of the Council are consistent with direction as set-out therein.

B.3 Budgetary Control: ensuring that the Council has prepared an annual budget in support of its precept; that actual expenditure against budget is regularly and accurately reported to the Council; and that any significant variance from budget is explained.

B.4 Reserves: ensuring that the reserves that the Council maintains are appropriate for the levels of expenditure included in future plans and adequate to secure the financial stability of the Council.

B.5 Employee matters: ensuring that all employees have written terms and conditions of employment, and that all payments made to employees are consistent with agreed contracts and

HMRC regulations.

B.6 Assets: ensuring that the Council's assets are maintained in a condition 'fit for purpose' and that they present no risk of injury to the public or impairment of local amenity.

B.7 Risk Management: ensuring that the Council's risk management policy and risk register recognises and appropriately manages risk identified therein including Insurance matters.

B.8 Health and safety: ensuring that the Council, its employees, contractors, and other parties comply with the requirements of the Council's H&S policy.