

# Selattyn and Gobowen Parish Council

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## **Internal Control and Audit policy**

### **Scope and Responsibility**

The Council is responsible for ensuring that business is conducted in accordance with the law and proper standards; and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively.

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council's accountability framework is 'risk' based; proportionate to that risk and to the amounts of public money involved and to the stakeholders' need for assurance.

### **Purpose of the System of Internal Control**

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority's policies, aims and objectives; and to evaluate and manage those risks accordingly.

### **Internal Control System**

- a. At the Annual meeting of the Parish Council, a Councillor and a reserve will be nominated to carry out the Internal Control checks. The nominated Councillor must change at least every 2 years. The nominated Councillors cannot be the Chair of the Finance & Executive Committee.
- b. Internal Control checks will be carried out quarterly – in July, October, January and April. See Appendix A for a copy of the Internal Control Checklist.
- c. The Parish Clerk / RFO will support the Internal Control process by providing the documentation / evidence required to the nominated Councillor in a timely manner.
- d. The nominated Councillor will complete the 'Internal Control checklist' and report to the next Finance & Executive Committee meeting. Any significant issues should be reported to the Parish Clerk / RFO and the Chair of the Finance & Executive committee as soon as possible.
- e. A copy of the completed 'Internal Control checklist' will be placed in the Audit File by the Parish Clerk / RFO.

### **Internal Audit**

- a. The Finance & Executive Committee will agree an independent audit specification, draft a letter of engagement, seek appropriately qualified auditors and make recommendations to Full Council.
- b. The internal auditor will be approved at the Parish Council's budget meeting or at the Annual meeting of the Parish Council.
- c. Internal Auditors will change at least every 4 years.

**ADOPTED: June 2021**

**REVIEWED June 2022**

**NEXT REVIEW: June 2024**

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**Appendix A – Internal Control checklist - to be completed when the quarterly internal checks are carried out in January, April, July and October.**

|                                | January / April / July / October (please circle)  | Yes | No | Comment |
|--------------------------------|---|-----|----|---------|
| <b>Investments and Banking</b> |   |     |    |         |
| 1                              | Bank account reconciliation report checked against bank account statements.                             |     |    |         |
| <b>Payments</b>                |   |     |    |         |
| 2                              | Direct debit payments agree with list authorised by Council.  |     |    |         |
| 3                              | Payments are correctly recorded on accounts system  |     |    |         |
| 4                              | Invoices signed by both signatories and Clerk / RFO   |     |    |         |
| 5                              | The cheque counterfoil is initialled by two signatories.  |     |    |         |
| 6                              | Online payments are authorised by two signatories.  |     |    |         |
| 7                              | Minimum 6 payments are cross referenced to Council documents, bank statement, authorisation and powers. |     |    |         |
| 8                              | Are Section 137 payments accounted for separately?  |     |    |         |
| <b>Income</b>                  |   |     |    |         |
| 9                              | Receipts are correctly recorded on accounts system  |     |    |         |
| 10                             | Receipts are reconciled against bank statements   |     |    |         |

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|                                       | <b>January / April / July / October</b> (please circle)   | Yes | No | Comment |
|---------------------------------------|---|-----|----|---------|
| 11                                    | Any transfer of funds between accounts has been agreed and recorded by Council in accordance with Financial Regulations.                      |     |    |         |
| <b>Salaries</b>                       |   |     |    |         |
| 12                                    | Salaries, Income Tax, National Insurance and Pension payments agree with payroll documentation?   |     |    |         |
| 13                                    | Salaries, Income Tax, National Insurance and Pension payments agree with bank statement.  |     |    |         |
| 14                                    | HMRC payments (Income Tax and National Insurance) paid at least quarterly   |     |    |         |
| 15                                    | Check staff annual appraisal completed and any recommendations made to F&E committee. <b>Appraisal due November - check in January audit.</b> |     |    |         |
| <b>Budget control and forecasting</b> |   |     |    |         |
| 16                                    | Quarterly budget report presented to Council  |     |    |         |
| 17                                    | All payments within budget  |     |    |         |
| 18                                    | For payments outside budget, is approval to transfer minuted?   |     |    |         |
| 19                                    | Have earmarked and general reserves been reviewed? Date of last review.   |     |    |         |
| <b>VAT</b>                            |   |     |    |         |

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|   | January / April / July / October (please circle)                            | Yes               | No | Comment |
|---|---|-------------------|----|---------|
| 20  | There is a separate VAT column on the accounting spreadsheet/system         |                   |    |         |
| 21  | VAT is claimed quarterly. Please state date of last claim.                  |                   |    |         |
| <b>Asset Register and inspection schedule</b> |   |                   |    |         |
| 22  | All council properties in register and register up to date                  |                   |    |         |
| 23  | Assets have been inspected in accordance with schedule                      |                   |    |         |
| <b>Audit</b>                                  |   |                   |    |         |
| 24  | Has an independent internal auditor been appointed?<br>Please give details. |                   |    |         |
| 25  | Council have reviewed internal/external auditors' comments                  |                   |    |         |
|   | <b>Internal Checker Name:</b>   | <b>Signature:</b> |    |         |
|   | <b>Date:</b>  |                   |    |         |

Any other comments?