

fAntrobus Parish Council Internal Control Procedures

Background*

Local Councils are required to maintain an adequate system of internal control, including measures designed to detect and prevent fraud and corruption and to review its effectiveness. They have a responsibility to develop, implement and regularly monitor the effectiveness of systems of internal control covering:

- The overall control environment, including internal audit;
- The identification, evaluation and management of operational and financial risks;
- Budgetary control and monitoring arrangements;
- The documentation and application of control procedures.

Internal checking is undertaken throughout the financial year to test the continuing existence and adequacy of internal controls. Managing the council's internal controls should be a day-to-day function of the staff and councillors and not left for internal audit.

Internal Control Procedures

As well as conducting internal and external audits by third parties the council has the following procedures for monitoring the finances and preventing inaccuracies and fraud:

RISK ARRANGEMENTS AND ASSET CONTROL

- Reviewing the independence and competence of the internal auditor annually.
- Managing operational and financial risks including through risk assessments, budget setting, insurance review against needs and maintaining an asset register.
- Minutes properly paginated and stored. Recording the precise powers for expenditure. Proper management and review of staff.

BOOK-KEEPING AND GENERAL RULES

- Ensuring proper book-keeping, and that general rules in carrying out council business are defined in and followed as per standing orders and financial regulations.
- Ensuring payments are approved by council, cheques are signed by 2 members, and stubs and invoices are checked and initialled.
- Checking about 5% of transactions covering all steps from invoice to payment.
- Proper storage of documents. Recording of member's interests and adoption of code of conduct.

BANK RECONCILIATION AND BUDGETORY CONTROLS

- Bank statements are checked by 2 members and reconciled with the cashbook.
- Proper preparation of an annual budget.
- Quarterly monitoring of spending in comparison to budget.

PAYROLL CONTROLS

- Checks that salary, PAYE, NI and expenses arrangements are followed.

INCOME CONTROLS, PETTY CASH AND YEAR END

- Checks that all due income is properly received including VAT refunds, precept and grants and petty cash, if appropriate.
- Checks that the year-end statement reflects transactions.

*References [Governance and Accountability for Local Councils – A Practitioners' Guide (England) JPAG, Part 2 Sections: 1.26, 2.41, 2.46, 2.58. 2.60, 2.61; 2.74 and 2.97 Table 3 & Appdx 9 for details]

Internal Control procedures (FINAL) Apr 2014

HISTORY

Apr 2014	Original
May 2015	Reviewed and approved unchanged
May 2016	