

# Poundstock Parish Council

## Internal Control Guidance

### Scope of Responsibility

Poundstock Parish Council is responsible for ensuring that there is an adequate and effective system of internal audit of its accounting records, and internal control in accordance with proper practices. The internal control is designed to ensure the the Council's activities are carried out properly and as intended.

Internal controls are set up by the Clerk/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 administration of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### Internal Audit Procedure

- Councillors

Two Councillors will fulfil an internal audit procedure quarterly. The internal audit procedure checks are as follows: -

- Previous Internal Audit Report
- Proper Bookkeeping
- Standing Orders
- Financial Regulations
- Risk Management arrangements
- Budget Analysis - Quarterly
- Income controls
- HMRC/PAYE
- Assets controls
- Bank Reconciliation – Monthly

- Internal Auditor

The Council will appoint an independent internal auditor who will report to the Council on the adequacy of the following: -

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk Management
- Reviews

The scope of the work and the charge of the internal auditor is to be reviewed annually and the review and appointment minuted. The internal auditor will inspect the accounts of the year end prior to completion of the annual return pages 2 and 3 and will complete page 5 of the annual return. The internal auditor will write a separate report to the Council detailing any findings they might have. The report of the internal auditor is copied to all members of the Council and considered as an agenda item at the next meeting. Recommendations from the report will be recorded in the minutes.

## Review of effectiveness

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work and any issues identified by: -

- Full Council
- Clerk/RFO who has responsibility for the development and maintenance of the internal control environment and managing risks – risks identified.
- Internal auditor who reviews the Council's system of internal controls. The auditor will make a written report to the Council – action arising from reports.
- The Council's external auditors, who make the final check using the annual return, a form completed and signed by the Clerk/RFO, the Chair of the Council and the internal auditor. The external auditor issues an annual audit certificate – action arising from audit report.