

## **Antrobus 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, payment authorisation for bank transfers are signed by 2 members or otherwise evidenced by email. Ensuring that 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. Storage should be in accordance with personal data management and audit policy and data retention policy drawn up as a result of GDPR

#### **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.

## Internal Control procedures (for date see history)

- 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]

### HISTORY

Apr 2024	Approved unchanged and reviewed the competence of the internal auditor.
Apr 2023	Reviewed and approved unchanged
Apr 2022	Paragraph on payment approval by council updated to reflect ebanking and the latest financial regulations (v3) July 2020.
Apr 2021, 2020, 2019	Reviewed no changes.
Jun 2018	Reference to GDPR and new policies
Apr 2018, 2017, 2016, 2015	Reviewed and approved unchanged
Apr 2014	Original