



SANDIACRE PARISH COUNCIL

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INTERNAL AUDIT POLICY

1. SCOPE OF RESPONSIBILITY

Sandiacre Parish Council (the Council) is 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 effective management of risk.

In accordance with the Local Government Act 1972 s151, the Council has appointed the Clerk as the Responsible Financial Officer (RFO) who administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

Internal control is designed to reduce financial risk to the Council; the system of internal control is designed to ensure that the Council's activities are carried out properly and as intended.

Internal controls are set up by the Clerk/RFO, but it also falls to 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 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.

3. PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT

3.1 THE COUNCIL (AS A CORPORATE BODY)

- The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawfully taken
- The Chair of the Finance Committee exercises similar responsibilities under delegated authority within the Terms of Reference
- The Chair of each meeting (both Council and Committee) signs each page of the minutes
- Decisions made are within the Standing Orders and Financial Regulations laid down and approved by the Council. These are kept regularly under review
- The Council reviews its obligations and objectives and approves budgets for the following year at its November meeting

- The January meeting of full Council approves the level of Precept for the following financial year
- The Council receives and considers monthly financial statements at its meetings
- Payments are made in accordance with Standing Orders and Financial Regulations
- The appointment of authorised signatories is kept under review
- The Council has a default position whereby all payments made are via internet banking
- Neither the Chair, nor any individual Councillor, may make decisions on behalf of the Council
- Two Councillors (from the currently authorised signatories) are required to sign into the Council's bank to authorise the release of all payments having satisfied themselves that the payments to be made are in accordance with the files shared with them for payment
- All such payments will be made in accordance with Council's adopted Financial Regulations
- Council policies are reviewed annually for accuracy in relation to the policy areas they reflect, changes in legislation and current best practice

3.2 CLERK / RESPONSIBLE FINANCIAL OFFICER

- The Council has appointed a Clerk to the Council who acts as the Council's advisor and principal administrator
- The Clerk is also the Council's RFO and is responsible for managing the Council's finances
- The RFO is responsible for the day-to-day compliance with legislation and policies and for managing risks
- The RFO ensures that the Council's procedures, control systems and policies are maintained
- The RFO also exercises responsibility for the Council's banking arrangements in conjunction with the finance Committee.
- The duties of the Clerk/RFO are laid down in a Job Description
- The Clerk in undertaking the role of RFO, manages the timetable for the audit programme, Council approval of the Annual Return and compliance with the electors' rights.
- The RFO submits all the requested information to the External Auditor by the agreed date and arranges for the required publication of notices, accounts and returns.
- The RFO has authority to initiate payments and transfers on the Council's bank accounts for authorisation by two authorised bank signatories.
- Payments are listed and presented to all Councillors before the next full Council meeting.
- All income received is reported to full Council at monthly meetings
- The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable and ensures the correct amount of VAT is reclaimed

3.4 INTERNAL AUDITOR

The Council has appointed an Independent internal auditor who will report to the Council on the adequacy of the Council's:

- Records, procedures and systems
- Book-keeping and bank reconciliations
- Financial regulations and standing Orders
- Budgetary controls
- Asset management

- Payment controls
- Risk management
- Statutory / regulatory compliance
- Regular reviews of the effectiveness of internal control

The effectiveness of the internal auditor is reviewed annually and the Council reviews the appointment of the internal auditor.

The internal auditor, who is competent and independent, will carry out the work required in accordance with the Governance and Accountability Guide for Local Councils and additionally, will be advised of any additional work required by the Council.

The scope of the work of the internal auditor is reviewed annually and the review and the appointment is minuted.

The internal auditor will inspect the accounts at the year-end (prior to completion of the Annual Governance and Accountability Return (AGAR) Sections 1 and 2) and will complete the Annual Internal Audit Report of the AGAR.

The internal auditor will write a separate report to the Council, a copy of which is provided to all Members, detailing any findings they might have.

The report of the internal auditor is considered as an Agenda Item at the next available meeting.

Recommendations from the internal auditor's report will be recorded in the Minutes and the Council will produce an Audit Plan to manage any identified weaknesses or recommendations identified for improvement.

3.5 EXTERNAL AUDIT

Given the level of income and expenditure, the Council is subject to a Limited Assurance Review by an External Auditor as appointed by The Smaller Authorities' Audit Appointments Ltd, which is a section led company appointed by the Department of Communities and Local Government, as the specified person to procure and appoint external auditors to smaller authorities.

They perform the functions set out in relevant legislation and have been awarded the ongoing audit contract for the five-year period commencing 1st April 2022.

The Council's External Auditors submit an External Auditor's Report, which is presented to full Council.

Under the limited assurance regime, the external auditors undertake a limited range of specified procedures to give a report that provides limited, rather than reasonable, assurance about the Council's accounting statements.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control.

The review is informed by the work and any issues identified by:

- Full Council: Identifies new activities or risks
- Clerk/RFO: Has responsibility for the development and maintenance of the internal control environment and managing risks
- Internal Auditor: Reviews the Council's system of internal control and makes a written report to the Council
- External Auditors: Make the final check using the AGAR, a form completed and signed by the RFO, the Chairman and the internal auditor
- The External Auditor issues an annual Audit Certificate and identifies any actions that need to be taken into account by the Council arising from Audit Report

5. SIGNIFICANT INTERNAL CONTROL ISSUES

- No internal control issues were identified during the financial year ending **31st March 2023**.
- The Internal Audit review, undertaken on the documentation provided to the internal auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.
- The Council places emphasis upon transparency of its financial operations with detailed and up-to-date information on income and expenditure
- The Council displays many examples of good financial practice and continues to prioritise the maintenance of a high standard of financial management and control.
- Appropriate formal Policies, Procedures and Protocols have been adopted by the Council and these provide a solid foundation for the continuing operation of strong financial administration.

6. EXTERNAL AUDIT OPINION

There were no matters raised on the Annual Return for the financial year to **31st March 2024** which have cause for concern.

7. REVIEW OF EFFECTIVENESS

The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control.

Reviewed: 2024

Next Review: 2025

Review: Annually