



Catsfield Parish Council

Effectiveness of internal audit procedures

1. SCOPE OF RESPONSIBILITY

Catsfield Parish Council (the Parish Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Parish Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Parish Council's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control is based on an on-going process, designed to identify and prioritise the risks to the achievement of the Parish Council's policies, aims and objectives, to assess the likelihood of those risks being realised and the impact thereof, and to manage them efficiently, effectively and economically.

3. THE SYSTEM OF INTERNAL CONTROL

3.1 The Parish Council:

- a. The Parish Council elects a Chair (annually at the May meeting) who is responsible for the smooth running of meetings and transaction of business.
- b. The Parish Council has adopted Standing Orders and Financial Regulations that contain the procedures and processes for conducting the Parish Council's business.
- c. The Parish Council annually reviews its obligations, objectives and aspirations and sets its budget for the following financial year at its December / January meeting.
- d. The Parish Council annually sets the Precept for the following financial year at its January / February meeting.
- e. The Parish Council conducts monthly bank reconciliations, performs monthly budgetary control reviews and minutes these.
- f. The Parish Council meets monthly and monitors progress against its aims and objectives at each meeting by receiving relevant reports from Councillors and the Clerk/RFO.
- g. The Parish Council carries out regular reviews of its internal controls, procedures and processes in light of any best practice advice and guidance from the External Auditor, SALC, NALC and the SLCC.

3.2 The Clerk to the Parish Council/Responsible Financial Officer (RFO):

The Parish Council has appointed a Clerk to the Parish Council who acts as the Parish Council's advisor and administrator. The Clerk is responsible for the day to day compliance with law and regulations that the Parish Council is subject to, for implementing the Parish Council's decisions and for managing risks. The Clerk is also the Parish Council's RFO and, as such, is responsible for administering the Parish Council's finances.

3.3 Risk Assessments/Risk Management:

The Parish Council carries out risk assessments in respect of its actions and annually reviews its internal controls, procedures and processes.

3.4 Internal Auditor:

The Parish Council appoints an independent Internal Auditor annually, who reports to the Parish Council on the adequacy of its financial processes, after examining and testing the Parish Council's processes and records.

3.5 External Auditor:

The Parish Council's External Auditors, issue an annual Certificate of Audit based on the submitted Annual Return, which is presented to and approved by the Parish Council.

4. REVIEW OF EFFECTIVENESS

The Parish Council is required to review the effectiveness of the internal audit annually, in accordance with the Accounts and Audit (Amendments) Regulations 2006.

The review considered the following;

4.1 Scope of the internal audit

The internal audit covers examination and testing of the Parish Council’s records, including (but not limited to) the Income and Expenditure day book, cheque books, bank statements, VAT returns, minutes, invoices and receipts, asset register, risk register, Standing Orders, Financial Regulations and insurance provision. The Clerk/RFO ensures all records are available to the Internal Auditor and attends to answer questions arising during the audit.

The Internal Auditor’s terms of reference are set out in the annual appointment letter, taking into account the Governance and Accountability in Local Councils in England and Wales: A Practitioners’ Guide and the external auditor’s Audit Briefing (issued annually).

4.2 Independence of the internal auditor

There is no advisory or financial connection between the Internal Auditor and the Parish Council, save for the undertaking of the internal audit and remuneration thereof.

4.3 Competence of the internal auditor

The Internal Auditor is a Fellow Chartered Management Accountant and has a professional obligation to conduct his work ethically, with integrity and objectivity.

4.4 Relationships

- a. The Clerk/RFO was involved in the development of the internal audit plan (below).
- b. The Parish Council adopted the plan, however the Parish Council remains responsible for the suitability of the audit plan.
- c. The Internal Auditor’s role is defined by the terms of reference included in his appointment letter.

4.5 Audit Plan and Reporting

The internal audit plan is based on the Parish Council’s current level of regular receipts and payments and the perceived likely risks (fraud, misuse of public funds, etc.).

At present it is considered that, in conjunction with the monthly bank reconciliation and the monthly budgetary control review, only one annual internal audit is required, which will take place after 31st March and before the June Parish Council meeting.

The Internal Auditor will report his findings to the Clerk/RFO, who will communicate these to the Parish Council at the next meeting. The Internal Auditor also provides the written report of the Annual Return to the external auditor.

5. SUMMARY

The Parish Council has reviewed the effectiveness of the internal audit and is satisfied there are no matters that require attention or modification this year.

Chairman

Clerk/RFO

Date

Date