

# ST MINVER HIGHLANDS PARISH COUNCIL

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## Internal Control Policy

Adopted 14 June 2016

### 1. Scope of responsibility

St Minver Parish Council is responsible for ensuring that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices.

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 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 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.

### 2. Internal audit procedure

#### a. Councillors

Two Councillors will fulfil an internal audit procedure as directed in the internal audit form at least 6-monthly. The same two councillors will not perform the audit on two consecutive occasions. The internal audit procedure checks:

- Previous Internal Audit Report
- Proper bookkeeping
- Standing Orders and Financial Regulations
- Risk Management Arrangements
- Budgetary Controls
- Income Controls
- Payroll Controls
- Assets Controls
- Bank Reconciliation

#### b. Internal Auditor

The Council will appoint an Independent Internal Auditor who will report to the Council on the adequacy of its:

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

The effectiveness of the internal audit is reviewed annually, and the Council agrees to the appointment of the Internal Auditor. The Internal Auditor, who is competent and independent, is advised of the scope of the work required by the Council.

The scope of the work (and the charge) of the IA is reviewed annually and the review and the appointment is minuted.

The IA will inspect the accounts at the year end (prior to completion of the Annual Return pages 2 and 3) and will complete page 5 of the Annual Return

The IA will write a separate report to the Council detailing any findings they might have.

The report of the IA 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.

### **3. 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 – identification of new activities
- Clerk to the Council / Responsible Financial Officer 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 control. The auditor will make a written report to the Council (in addition to Section 4 Report in the Annual Return.) – 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 Responsible Financial Officer, the Chairman and the Internal Auditor. The External Auditor issues an annual audit certificate – action arising from Audit Report.