

# GRADE RUAN PARISH COUNCIL

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## Internal control policy

Adopted 18<sup>th</sup> May 2021

### Scope of responsibility

Grade Ruan 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 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 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.

### Internal audit procedure

- Councillors should undertake internal control checks at each Full Council meeting. Reports will be presented to Council and Councillor should satisfy themselves of correct practise as follows:
  - Proper bookkeeping
  - Expected income
  - Expected expenditure
  - Payroll accuracy
  - Bank reconciliation
- Councillors should undertake internal control checks annually as follows:
  - Confirm that Standing Orders and Financial Regulations exist
  - Confirm Risk Management arrangements are adequate
  - Confirm the Assets Register is accurate
- 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 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 internal auditor is reviewed periodically and the review and the appointment is 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 and Council Committees – identification of new activities
- 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 control. 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 Councillor and the internal auditor. The external auditor issues an annual audit certificate – action arising from audit report