

Old Marston Parish Council – Procedures for Financial Control & Internal Audit

Under the Accounts and Audits Regulations 2011, it is the responsible financial officer's (RFO) responsibility to ensure that the council's day-to-day finances are run properly, but it falls to council members to exercise a proper and reasonable degree of control over financial matters. This task is delegated to the internal controls' councillor. The internal control councillor checks by regular sampling that.

- All anticipated income is received
- Expenditure is broadly in line with budgets
- Expenses are properly authorised before payment is made, except for agreed direct debits, salaries and BACS payments
- The record of receipts and payments is kept up to date and that a bank reconciliation is carried out monthly on all cashbook accounts

Any anomalies are resolved with the clerk or responsible financial officer. The internal control councillor then presents a full report to members, once every three months at a whole council meeting.

The council operates, maintains, monitors and reviews, as necessary, its financial regulations and its' financial and management risk assessment.

In addition to these systems, there is a further legal requirement for the council to put into place an adequate and effective system of internal audit of all its accounts and internal control systems. This is achieved through the appointment of an independent internal auditor who must be both competent and conversant with the regime of local government finance. The council currently meets its obligation in this respect by contracting Richard James FMAAT ATT as our internal auditor. The internal auditor checks through sampling that the internal controls are adequate and working. They also perform an interim audit at least once per year or more frequently if requested by the council. The audit report forms part of the annual return.

In accordance with regulations 4 and 6 of the 2011 regulations, the council carries out an annual formal review of the systems of internal control and the effectiveness of internal audit. This is conducted in accordance with guidance that has been laid down, by means of an approved form of self-administered assessment. The latest review, including the outcomes are set out on the following pages.

Internal Control Procedures

Work Element	Interval	Action Of Clerk	Council Action
Cash Flow	Monthly	To report income from rents, etc. To report on accounts to be paid.	To consider and amend and make note of income. To consider invoices and authorise payments.
Income & Expenditure: Account and Bank Reconciliation	Quarterly	To present to council a breakdown of receipts and payments, together with bank balance information including expenditure against budget.	To consider and receive the report.
Bank Statements	Monthly	To check bank statements against receipts and payments. To present to the council a monthly bank reconciliation.	Check monthly bank reconciliation.
Petty Cash	Monthly	To present to council a breakdown of receipts and payments. To present to the council a monthly report on balance remaining.	
VAT Returns	Quarterly	To make a claim to recover VAT on a quarterly basis.	To check claim has been made, immediately following the end of the financial year.
PAYE Income Tax & National Insurance Contributions	Monthly	To pay appropriate PAYE income tax and national insurance contributions on a quarterly basis.	To check payments have been made.
Asset Register	Annual	To present a report to council on assets and up-to-date values.	To consider and adopt the reports.

Insurance	Annual	To present to council a report on insurance held and required.	To consider and adopt the report.
End Of Year Accounts and Audit Documentation	Annual	To prepare receipt and payment accounts and balance sheet, together with external audit papers for presentation to council as soon as possible after 31 March.	To consider and adopt the accounts and approve the audit papers.
Internal Audit	Annual	To have an audit of the council's accounts and procedures by an external, competent agent. The internal audit precedes the formal external audit and feeds into it.	To appoint an internal auditor and to receive and consider the internal auditor's report.
Clerk	Annual	To have a work review and personal action plan, including training if necessary.	To be conducted by the staffing & standards committee.
Computer Files	Monthly	To ensure that files are regularly backed up onto a portable hard drive.	To be verified in work review conducted by the staffing & standards committee.
Document Safety	As required	To ensure that all essential documents are securely held, and signed minutes are archived on a regular basis.	To be verified in work review conducted by the staffing & standards committee.
Legislation	As required	To inform council of legislation impacting on the council and/or its policies and work.	To consider and act upon the report.

Adopted by Full Council on:

Minute Resolution:

Date:

Chairman.....

INTERNAL CONTROLS COUNCILLOR CHECKLIST

ACTION	AUDIT TRAIL	EVIDENCE SEEN (initial)
All Anticipated Income Received	<p>Precept Received from Oxford City Council</p> <ul style="list-style-type: none"> • Minute precept amount • Note entry on bank statement and record Income on accounts ledger. <p>Interest Received</p> <ul style="list-style-type: none"> • Interest received annually from Newbury Building Society & Skipton Building Society <p>VAT Refund (Quarterly)</p> <ul style="list-style-type: none"> • Each purchase invoice checked for VAT content, VAT supplier number and recorded in ledger. • Reconcile with payments report for same period. • Remittance advice received. • Check payment has arrived in bank account. 	
Expenditure Broadly in Line With Budget	<ul style="list-style-type: none"> • Invoices entered into accounts ledger. • Quarterly accounts summary presented to councillors and sent with agenda, prior to finance committee. 	
Expenses Are Properly Authorised Before Payment Is Made	<ul style="list-style-type: none"> • Supplier invoices are itemised for payment on schedule sent with monthly agenda. • Invoices presented at full council meeting for councillors to examine. • Councillors vote on accepting invoices for payment and vote recorded. • Cheques signed by two authorised councillors including cheque stub. 	
Recording of Income and Expenditure with Bank Reconciliation	<ul style="list-style-type: none"> • Purchase invoices are recorded onto payment schedule every month. • Income from rent deposited into Unity Trust Bank in line with financial regulations and internal controls. • Bank reconciliation produced monthly and sent with full council meeting agenda. 	