

# Deanshanger Parish Council

## Procedures for Financial Control & Internal Audit



Deanshanger Parish Council  
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## **Procedures for Financial Control and Internal Audit**

Under the Accounts and Audits Regulations 2015, it is the Responsible Financial Officer's (RFO's) 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 Control Councilor (ICC). The ICC 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, with the exception of agreed direct debits.
- the record of receipts and payments is kept up to date and that a bank reconciliation is carried out monthly on all accounts

Any anomalies are resolved with the Clerk / RFO and the ICC then presents a full Financial Report to members, once a quarter at the Finance & General Purposes meeting.

The Council operates maintains, monitors and reviews as necessary, its Financial Regulations and Financial and Management Risk Assessment.

In addition to these systems for the regular monitoring and management of the routines, there is a further legal requirement that sits above the internal controls system for the Council to put in place an adequate and effective system of internal audit of its accounting and internal control systems. This is achieved through the appointment of an independent internal auditor (IA) who must be both competent and conversant with the regime of local government finance. The Council currently meets its obligation in this respect by using the Internal Audit Service of Northants County Association of Local Councils (NCALC). The IA checks, by sampling that the internal controls are adequate and working. The IA visits at least once per year - more frequently if the Council requests - and 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 laid down guidance, by means of an approved form of self-administered assessment.

## Review of Effectiveness of Internal Audit

### 1. Meeting the standards

Expected Standard	Evidence of Achievement	Areas for Development
Scope of Internal Audit	<p>Review of Financial Regulations.</p> <p>Scope of IA includes examination of any / all of the Council's policies, procedures, records, systems and documents, as requested by the Clerk / RFO or the Internal Auditor (IAR).</p>	
Independence	<p>IA has free and unfettered access to any records, Councillor or Officer at any reasonable time.</p> <p>Reports from IA to the Council are in the name of the IA and signed by him.</p> <p>IA is completely independent of the Council, both by residence and personal connections.</p>	
Competence	<p>There is no evidence that IA work has been carried out unethically or without integrity and objectivity</p>	
Relationships	<p>The Clerk/ RFO makes contact with IA at which time a discussion takes place as to the reason for the contact and the Council's requirements, including the scope of the IA work to be carried out e.g. advice, full audit at time of Annual Return (AR) etc.</p> <p>Responsibilities are defined in Financial Regs and this document.</p> <p>Responsibilities of Councillors and Officers are understood; relevant persons are appropriately trained.</p>	
Audit Planning and Reporting	<p>Audit took place</p>	

**2. Characteristics of effectiveness**

IA work is planned	Planned IA work takes place routinely at the time of the AR; this document recognises IA as a source of expertise and assistance, available to be called on if necessary.	
Understanding the organisation	IA has audited DPC records since 2003-04 and is familiar with the organisation	
Be seen as a catalyst for change	Whilst not expressly mentioned the role of IA is recognised by the Full Council and minuted accordingly	
Add value and assist the Council in achieving objectives	The pre-audit (if required) visited highlighted measures requiring attention	
Be forward looking	IA is recognised as a conduit for the supply of information on change and development in governance etc issues	
Ensuring resource is available for IA and IAR	The Council subscribes to a professional IA service	

**Internal Audit Checklist**

**Month.....**

All Inspections, once completed must be filed in the Parish Council office and retained for a period of 12 months

	Task	Seen		If "No" then comment required	Completed
		Yes	No		
<b>Income</b>					
<b>All anticipated income received:</b>					
<b>1</b>	<b><u>Precept:</u></b> <ul style="list-style-type: none"> <li>Received from West Northants Council (Half Yearly)</li> </ul>				
	<ul style="list-style-type: none"> <li>Noted on Listed Accounts &amp; Annual Income Budget Sheet</li> </ul>				
<b>2</b>	<b><u>Rental Income from Allotments:</u></b> <ul style="list-style-type: none"> <li>Renewal Pack sent</li> <li>Completed agreements received</li> <li>Payment received</li> <li>Receipt banked</li> <li>Noted on Listed Accounts &amp; Annual Income Budget Sheet</li> </ul>				
	<b><u>Rental Income from Burial:</u></b> <ul style="list-style-type: none"> <li>Completed request received</li> <li>Payment received</li> <li>Receipt banked</li> <li>Noted on Listed Accounts &amp; Annual Income Budget Sheet</li> </ul>				
<b>3</b>	<b><u>Interest Received</u></b> <ul style="list-style-type: none"> <li>Noted on Listed Accounts &amp; Annual Budget Sheet</li> <li>Noted on Bank Reconciliation</li> </ul>				
<b>4</b>	<b><u>VAT Refunded</u></b> (Quarterly) Sample Invoice checked for: <ul style="list-style-type: none"> <li>VAT Content</li> <li>VAT Supplier Number</li> <li>Remittance advice received</li> <li>Check amount rec'd in bank Account</li> </ul>				

*Deanshanger Parish Council*

Financial					
1	Bacs Payments match Agreed accounts				
2	PayPal account checked against accounts				
3	Members expense sheet checked				
4	All bank statements filed				
5	Bank Reconciliation completed				
6	Listed Accounts completed & Agreed at Full Council				
Payroll /Staff					
1	Monthly Payroll pack filed				
2	TAX & NI Paid up to date				
3	Pension contribution				
Minutes					
	Minutes signed, dated & filed				
Miscellaneous					
	Website up to date (minutes/Agendas & Meeting dates)				
Health & safety					
	Risk Assessments up to date and recorded				
General comments/recommendations to improve services					
	<p>*Discuss with staff/Raise at Parish Council Meeting (*delete one)</p>				

**Audit completed**

Councillor.....  
 Dated .....

Clerk/RFO.....  
 Dated .....

**Action required- Completed**

Councillor.....  
 Dated .....

Clerk/RFO.....  
 Dated .....