

# **Millbrook Parish Council Internal control policy**

---

## **Scope of responsibility**

Millbrook 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 conducted 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.

## **The Council's internal control**

### **The Chair of the Council**

The Council has elected a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Council reviewed its obligations and objectives and approved the level of precept and individual budgets for the following financial year at its January meeting.

### **Full Council**

The full Council usual meets once a month. The Council is supplied with financial reports and payment information relating to payments approved, committed, and made under delegated authority. By receiving reports from the Clerk / Responsible Finance Officer the Council conducts regular reviews of its internal controls, systems, and procedures.

### **Finance Committee**

The Council's Finance Committee monitors progress against objectives, financial systems and procedures, budgetary control and conducts regular reviews of financial matters. It makes recommendations to the full Council.

### **Risk Management.**

The Parish Council reviews its risk management assessment for relevant risks and activities.

### **The Clerk / Responsible Finance Officer**

The Council has appointed a Clerk / Responsible Finance Officer (RFO) who acts as the Council's advisor and administrator. The Clerk / RFO manages and administers the Council's

finances and is responsible for the day-to-day compliance with laws and regulations to which the Council is subject and for managing risks as well as ensuring adherence to the Council's procedures, control systems and policies.

### **Payment procedures**

All payments are reported to the Council, and where appropriate a resolution is made to approve the payments. The Council uses online banking. The Clerk administers the payments, and the payments are processed by two of the bank signatories.

### **Internal audit procedures**

- **Councillors**

Two Councillors fulfil an internal control check procedure. 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

- **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 annually and the review and the appointment are 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 Councils’ 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.

| <b>Date</b>       | <b>Minute</b> | <b>Details</b>  |
|-------------------|---------------|---|
| <b>21/04/2021</b> | 270e          | Policy approved by the Full Council   |
| <b>28/06/2021</b> | 27            | Policy approved subject to the following amendments:<br>Chair not Chairperson / Chairman<br>Full Council section:<br>Insert ‘Payments’ approved, committed and made under delegated authority.”<br>Clerk / Responsible Finance Officer.....move the word ‘to’ after subject and insert after regulations.<br>Payment procedures – amend from signatures to signatories.<br>Review of effective – insert apostrophe for the ‘Councils’ |
| <b>24/05/2022</b> | 27a           | Under the Full Council section, insert ‘payment’... approved, committed, and made under delegated authority. Clerk / Responsible Finance Officer.....move the word ‘to’ after subject and insert after regulations. Payment procedures – amend from signatures to signatories. Review of effective – insert apostrophe for the ‘Councils’   |
| <b>21/03/2023</b> | 158.9         | Approved  |