

NORTON PARISH COUNCIL

Procedures for Financial Control and Internal Audit 2019

Under the Accounts and Audits Regulations 2011, 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 Controls Councillor (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
- the record of receipts and payments is kept up to date and that a bank reconciliation is carried out at regular intervals
- reviews are carried out at end of September and end of March in the same financial year

Any anomalies are resolved with the Clerk / RFO and the ICC then presents a full Financial Report to members, at the monthly Council 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. The latest review, including the outcomes is set out on the following page.

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Review of Effectiveness of Internal Audit

1. Meeting the standards

Expected Standard	Evidence of Achievement	Areas for Development
Scope of Internal Audit	Review of Financial Regulations. Scope of IA includes examination of any / all of the Council's policies, procedures, records, systems and documents, as requested by either the Clerk / RFO or the Internal Auditor (IA).	None at this time.
Independence	IA has free and unfettered access to any records, Councillor or Officer at any reasonable time. Reports from IA to the Council are in the name of the IA and signed by him. IA is completely independent of the Council, both by residence and personal connections.	None at this time
Competence	There is no evidence that IA work has been carried out unethically or without integrity and objectivity	None at this time
Relationships	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 eg advice, full audit at time of Annual Return (AR) etc. Responsibilities are defined in Financial Regs and this document. Responsibilities of Councillors and Officers are understood; relevant persons are appropriately trained.	
Audit Planning and Reporting	Next NCALC Internal Audit is scheduled for 19 April 2018	

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.	None at this time
Understanding the organisation	IA has audited NPC records since 2016-17 and is familiar with the organisation	None at this time
Be seen as a catalyst for change	Whilst not expressly mentioned the role of IA is recognised by the full Council	None at this time
Add value and assist the Council in achieving objectives	The pre-audit visited highlighted measures requiring attention	None at this time
Be forward looking	IA is recognised as a conduit for the supply of information on change and development in governance etc issues	None at this time
Ensuring resource is available for IA	The Council subscribes to a professional IA service	None at this time

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INTERNAL CONTROLS COUNCILLOR

CHECKLIST TABLE

ACTION	AUDIT TRAIL	CHECKED (initialled)
ALL ANTICIPATED INCOME RECEIVED	<p>PRECEPT RECEIVED FROM DISTRICT COUNCIL (Quarters 1 and 3 only)</p> <ul style="list-style-type: none"> • On receipt of form from DDC complete with approved and minuted precept amount • Note entry on bank statement and record in Receipts report <p>RENTAL INCOME FROM THE POUND (Raised each quarter)</p> <ul style="list-style-type: none"> • Invoice raised • Payment received • Receipt banked <p>INTEREST RECEIVED</p> <ul style="list-style-type: none"> • Noted on Bank statement (monthly) • Two statements received and actioned <p>VAT REFUNDED</p> <ul style="list-style-type: none"> • Each supplier invoice checked for VAT content, VAT supplier number and recorded on list • Reconcile with Payments report for same period • VAT form 126 completed and sent to HMRC with above list • Remittance advise received • Check payment arrived in nominated bank account <p>136 AGREEMENT FROM NORTHANTS CC (transaction in Quarter 3 & 4)</p> <ul style="list-style-type: none"> • Invoice raised and recorded • Check payment received in nominated bank account 	
EXPENDITURE BROADLY IN LINE WITH BUDGET	<ul style="list-style-type: none"> • Invoices entered onto accounts spreadsheet every month • Finance budget report compiled every quarter and presented to Councillors with agenda, prior to ordinary meeting 	

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<p>EXPENSES ARE PROPERLY AUTHORISED BEFORE PAYMENT IS MADE</p>	<ul style="list-style-type: none"> • Invoices are itemised for payment on monthly agenda • Invoices presented at ordinary meeting for Councillors to examine • Councillors vote on accepting invoices for payment • Vote minuted • Chairman initials each invoice as acceptance • Councillors vote on cheques being signed • Cheques signed by two authorised signatories (Councillors) – Cheque stub initialled • Internet payments. Two Councillors nominated at meeting to authorise payments on bank account within 24 hours of meeting 	
<p>RECORDING OF RECEIPTS & PAYMENTS AND A BANK RECONCILIATION</p>	<ul style="list-style-type: none"> • Supplier invoices are recorded onto spreadsheet every month • Receipts from District Council precept, rental income, HMRC VAT refund, Northants CC 136 agreement and bank interest are checked against internal record and input onto spreadsheet as they appear on the bank statements • Receipt from rental income deposited into HSBC Bank • Bank reconciliation produced monthly. A summary is included on every ordinary meeting agenda 	

Date review conducted	
Councillor conducting review	
Signed	