Littledean Parish Council

Internal Checks (Audit) Policy

Scope

The Accounts and Audit Regulations 2003 states that a Council shall be responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

Littledean Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, and property accounted for, and used economically, efficiently and effectively.

Purpose

Internal control is designed to reduce financial risk to the Council; 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 by the Clerk/Responsible Financial Officer, but it falls to 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 Control Mechanisms

<u>The Council:</u>

Has an appointed Chair who is responsible for the smooth running of meetings and signs the minutes.

Makes decisions within the remit of the Standing Orders and Financial Regulations as approved by the Council.

Approves the budget for the following financial year at the November/January meeting of the Council.

Approves the Precept for the following financial year at the January meeting of the Council.

The Council receives a financial statement covering income and expenditure and the bank reconciliation before or at each Council meeting for approval at the meeting.

The Council ensures that all payments are made in accordance with Standing Orders and Financial Regulations.

The Council Appoints an Internal Auditor that can be confirmed as Independent of the Council.

The report provided by the Internal Auditor is reviewed and the Council agrees to undertake any recommendations.

The Clerk to the Council/Responsible Financial Officer (RFO)

The Clerk and RFO is a combined role within the Parish Council, they act as the Council's administrator and advisor and is responsible for:

Administering the Finances.

Compliance with laws and regulations that the Council are subject to.

Management of risks.

Ensuring that policies, procedures and control systems are maintained.

Submitting all required information to the Internal and External Auditors within the necessary timeframes.

Retains all relevant documentation for the financial year for the legally required timeframes.

Payment Procedures

All payments are recorded in a spreadsheet appended to the agenda for the meeting where they will be authorised.

Any payments made between meetings (within the limits of the Financial Regulations) are reported to the Council on a spreadsheet appended to the agenda for the meeting where they will be retrospectively authorised.

Two Councillors who are bank signatories will approve all online banking payments and when required sign cheques and initial their stubs.

Where Cheque payments are required the Clerk/RFO will write the cheque prior to the meeting, two Councillors (bank signatories) will check the details of the cheque against the spreadsheet appended to the agenda and the invoice, the two Councillors (bank signatories) will then sign the cheque and initial the stub.

Where online payments are required the Clerk/RFO as a bank administrator will add the payment to the online system, at the meeting two Councillors (bank signatories) will check the payment against the appendix to the agenda and the invoice, the two Councillors will initial each invoice. At or following the meeting the two Councillors (bank signatories) will log on to the banking system and check the details online against the appendix to the agenda before approving the payment. Once two authorisations have been made the payment will automatically be sent.

Risk Assessment/Management

The Council carries out risk assessments in respect of actions made and regularly, at least at each annual meeting of the Council, reviews its systems and controls.

Internal Audit

The Council appoints an Independent Internal Auditor who will report to the Council on areas including adequacy of its Records, Procedures, Systems, Internal Control, Regulations, Risk Management and Reviews.

The effectiveness of the internal audit is reviewed yearly, and the Council agrees to the appointment of the Internal Auditor.

The Internal Auditor inspects the accounts at the year-end of the current financial year prior to the completion of the Annual Return Statement to the External Auditor.

The Internal Auditor will write and submit a separate report to the Council detailing any findings, this report is coped to all Councillors and discussed by Full Council as an agenda item. Recommendations from the report are recorded in the Council minutes.

External Audit

The Council's External Auditors, submit an External Auditors Report which is presented to the Council. Any matters raised on the Annual Return Statement are discussed by the Council with any necessary actions duly recorded.

Review of Effectiveness

The Council has responsibility for conducting regular reviews 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 of Full Council, The Clerk/RFO, Internal Auditor and the External Auditor, and any issues that are raised throughout the year.

If concerns are raised about the effectiveness of the system they will be investigated and any necessary action will be taken.

This Policy was approved by the Council on 9th March 2026 and will be reviewed yearly.

Littledean Parish Council

Internal Controls Checklist

Check undertaken by: **(name and signature)**

Position:

Date when check was undertaken:

Signed by Clerk: **(name and signature)**

	Question	Yes	No	Additional comments
1	Were all invoices initialled as ‘in order’ by the RFO and by the 2 cheque signatories?			
2	Was each item of expenditure authorised by resolution, minuted and accompanied by a legal power[s]?			
3	Were details of all income received to date provided?			
4	Do items of income and expenditure for the month match the totals shown?			
5	Was a list of budgeted against actual income and expenditure provided?			
6	Was commentary provided where any major variances occurred between actual and budgeted figures?			
7	Was an up to date bank reconciliation provided?			
8	Have all direct debits and standing orders been approved at the annual meeting and acknowledged after each payment			
9	Was a copy of the bank statements for each account provided? Been approved, signed and filed?			
10	Did the bank statement balance/s match those shown on the cash reconciliation?			
11	Have all previous minutes been signed?			
12	Is the website up to date?			
13	Other comments			