



Internal audit

Version number:	1	Author:	Margaret Gould, Clerk
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1. Background

The Audit Commission is an independent body with statutory responsibilities to regulate the audit of local government in England. The Commission's Code of Audit Practice - Local Government (2010) (the 'Code') sets the required standards for its appointed auditors. The Code, when talking about how auditors discharge their statutory audit duties at local councils, states:

'S1.2 It is the responsibility of small bodies to put in place proper arrangements to ensure the proper conduct of their financial affairs, and to monitor the adequacy and effectiveness of those arrangements in practice. Small bodies are required to prepare their accounts in accordance with their statutory responsibilities, and to maintain an adequate system of internal audit of their accounting records and control systems.'

S1.3 Small bodies meet their responsibilities by preparing and publishing, and providing the auditor with, the accounts prepared for the financial year, together with such additional information and explanation as is necessary to provide sufficient evidence that they have maintained adequate systems of internal control and internal audit throughout the financial year.'

2. Statement & purpose:

Speen Parish Council (SPC) is committed to providing a quality service for the benefit of the people who live or work in its area or are visitors to the locality. SPC considers internal audit and control, including but not limited to financial control, a key element of operating by good practice principles which underpin all the work of the Council. Our commitment extends to ensuring that appropriate measures for internal control are in place to meet the legislative needs outlined above.

The purpose of this policy is to:

- Recognise the legal framework in which the Council operates.
- Outline the SPC's attitude & commitment to internal audit and control
- Identify responsibilities and arrangements for internal audit & control associated with Council operations.

The over-riding purpose of internal audit is to review and report to the council whether its systems of financial and other internal controls over its activities and operating procedures are effective.

3. Scope:

- 3.1 The scope of this policy is the operations of SPC.
- 3.2 This policy is fully supported by all Members of the council. It confirms that SPC Members are aware of the need for internal control and audit and are committed to such procedures as are required to facilitate this.
- 3.3 This policy confirms that SPC will continue to work to this policy for the forthcoming year until the next review date, unless amendments should be required in the meantime.



3.4 This policy should be read in conjunction with the SPC Risk Management Policy.

4. Arrangements and Responsibilities

4.1 The Internal Auditor:

- 4.1.1 Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the council's control.
- 4.1.2 The internal audit regime should be proportionate to the needs, the size and the circumstances of the council i.e. as SPC is a smaller council, the internal audit, whilst important need not be too onerous.
- 4.1.3 Independent: The internal audit function must be sufficiently independent from the management of financial controls and procedures of the council which are the subject of review. SPC employs an independent external contractor to provide this function.
- 4.1.4 Competent: The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the council.
- 4.1.5 There is no requirement for a person providing the internal audit role to be professionally qualified, but essential competencies should be:
- understanding basic bookkeeping and accounting processes;
 - understanding the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management;
 - awareness of relevant risk management issues; and
 - understanding accounting requirements within the legal framework and powers of local councils.

4.2 The Council and the Financial and General Purposes Working Party (F&GP WP):

- 4.2.1 Responsibility for internal control within the scope of Council operations ultimately resides with all Council members individually and equally.
- 4.2.2 The Financial and General Purposes Working Party (F&GP WP) is the vehicle for the Clerk to highlight any immediate concerns. The F&GP WP will ensure that internal control matters are given due consideration by the full Council.

4.3 The Clerk:

- 4.3.1 The Clerk retains the discretion to raise matters of internal control with the Full Council if deemed critical.
- 4.3.2 The Clerk will:
- Liaise with and report to the Financial and General Purposes Working Party (F&GP WP) regularly on matters of internal control, as required.
 - advise the Council on the need to recruit specialist knowledge and advice, either paid or voluntary, as required.
 - make arrangements to implement this Policy at all opportunities.
 - ensure that matters of financial control are an Agenda item at each meeting and thus are regularly considered by the Parish Council.
 - ensure that at least annually, but more often if required, a formal internal audit is carried out of finances and other aspects of council operations as required.



- ensure subsequent consideration and review of any necessary corrective/protective measures.
- maintain financial records available to the Chair electronically at any time.
- report any concerns to the F&GP WP at the earliest opportunity, and highlight at the next Full Council Meeting.
- act as the contact and liaison point for the Internal Auditor.

5 Useful resources

- <http://www.nalc.gov.uk/library/publications/803-governance-and-accountability-with-appendix/file>
- National Association of Local Councils (NALC)
- Berkshire Association of Local Councils (BALC)

5: Authorisation of Policy on behalf of Full Council:

The undersigned approves this policy on behalf of Speen Parish Council.

Signature:

Name (print):

Position:

Date: ___/___/___