

# WROXHAM PARISH COUNCIL

## INTERNAL CONTROL POLICY

### Outline

This document has been written to support the Council with its Internal Control procedures. The Accounts and Audit Regulations 2015 Regulation 6 requires all councils to make an annual review of their Internal Control. This Policy supports that review and explains the ways to review and strengthen the Council's approach to Internal Control. It uses as its basis "Governance and Accountability 2017", a document which details proper practises for financial governance in local councils.

**The Policy includes a checklist can be used to provide evidence to your Auditor of a comprehensive and coordinated approach to this requirement.**

### Internal Controls

Internal Controls are included in Box 2 of the Annual Governance Statement (Page 2 of the Annual Return) "We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness."

Internal Controls prevent and detect fraud and corruption but they are also a tool to strengthen financial governance. Good financial governance is supported by effective reporting systems, implemented policy documents and adherence to proper practises.

### Internal Controls include:

#### 1. Standing Orders

Standing Orders must include provisions for securing competition and regulating the manner in which tenders are invited (Local Government Act 1972). Standing Orders should include details relating to delegation to the Clerk. Standing Orders must contain all the items in bold recorded in the model document (issued in 2013) but additional items should also be tailored to the need of the Council.

1.1	Date of review	5th September 2019
1.2	Minute reference for that review	12.3
1.3	Includes details about contracts?	No - separate Procurement policy covers contracts.
1.4	Includes delegation to clerk?	Yes / No
1.5	Details amount that the clerk can spend under delegation?	Yes / No up to £500, £1000 in an emergency.

Comments (for improvement or amendment)

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## 2. Committees

A Council may have committees. A committee is open to the public and so it must have agendas and minutes. A council can delegate functions to committees. Committees need to have terms of reference which have been agreed by Council. Terms of reference include: membership; meeting frequency; aims and objectives; membership and voting rights; budget.

2.1	Date Terms of reference agreed by Council?	Terms of reference review agreed at finance committee meeting 23.04.20. (Item 12.b of minutes)
2.2	Does the Committee have a Budget?	Yes / No Finance committee does not have a budget.
2.3	Does the Committee review the draft budget before presenting to council for approval?	Yes the draft budget is agreed at the finance committee. It is then presented to the council for approval.

Comments (for improvement or amendment)

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## 3. Financial Regulations

There is a model set of Financial Regulations. However, Financial Regulations can be tailored to the needs of the Council. They should include arrangements as to how the council manages its financial affairs and manages risk. Financial Regulations will detail when it is necessary for a Council to obtain alternative quotes.

3.1	Date of review	23.04.20
3.2	Minute reference for the review	Item 12.b
3.3	Explanations given for any changes recommended by the RFO?	Item 12.b
3.4	Has a date been set for the next review?	Yes agreed to be annually.

Comments (for improvement or amendment)

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#### 4. The Internal / External Auditor

The Internal Auditor is part of internal control in that they test the systems which are in place. They check that the systems are robust and that they are being correctly implemented. They will report their findings to Council as well as complete Page 5 of the Annual Return. An Internal Auditor must be independent and competent. There is no need to change the Internal Auditor each year, but a Council must feel confident in the skills and knowledge of their auditor.

4.1	Was the Internal Auditor provided with all the information requested to do the audit?	Yes / No Ref: WPC Items for Internal Audit 2018/19 (in Drop Box)
4.2	Was a written report received in addition to the completion of Page 5 of the Annual Return and been presented to Council?	Yes / No Ref: WPC Items for Internal Audit 2018/19 (in Drop Box)
4.3	Is the Council aware of any changes in their activities which might put at risk the Auditor's independence or competence?	Yes / No
4.4	Has any report received from the External Auditor been presented to Council?	Yes / No External audit was reported as accepted at Full Council meeting held 3rd October 2019, item 9.

Comments (for improvement or amendment)

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#### 5. Internal Control Officer / Scrutineer

A Council may also have an Internal Control Officer or Scrutineer (this is not a mandatory role). This is a member of the council (usually a non- cheque signatory) who inspects the accounts once a quarter / half year. They spot check certain things. They will report their findings to council / committee. A simple form can be provided to the ICO to help undertake those checks in an organised way.

5.1	Is the Scrutineer provided with a check form?	Yes / No
5.2	When was that form last changed? (It should be changed every 5 / 6 years)	No form exists

5.3	Are the findings reported to committee / Council?	Yes / No
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Comments (for improvement or amendment)

Records and accounts fully transparent and available to all Councillors at all times. Payments reviewed monthly and bank reconciliation reviewed bi-monthly as standard procedure. Therefore agreed not required.

### Financial Statements

Financial Statements should be reported to council at their meetings. This will include details of payments and receipts and a bank reconciliation. This will be approved in the minutes. All payments should be evidenced by a legal power authorising that payment. S137 payments must be minuted separately as being approved and “commensurate” with the benefit it will bring the community and included in a separate column in the cash book. A Council’s Financial Regulations should detail the frequency and method of reporting this information to members.

6.1	Are all payments reported to Council?	Yes / No
6.2	The Council should receive regular bank reconciliations for all bank accounts. When does the council receive bank reconciliations?	This is carried out bi-monthly at Finance committee.
6.3	Are financial statements approved and minuted?	Yes / No
6.4	Are financial statements attached to minutes or included within the minutes?	Yes / No
6.5	Is the Financial Statement and original Bank Statement signed by the Chairman?	Yes / No Internet print out included.
6.6	Are s137 payments recorded in the cash book and minute book?	Yes / No
6.7	Are receipts regularly and promptly banked?	Yes / No

Comments (for improvement or amendment)

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## The Budget and Budget Monitoring Documents

A Budget must be constructed using information from the last completed year and the present year (as a minimum). A council will receive regular reports of actuals against budget. Where there are variations (this is a % identified in financial regulations) a report must be given to council. A copy of the budget should be given to all councillors. Members should adhere to the budget.

### Debt recovery

Bad Debt recovery is an important part of financial management. Councils should ensure that invoices are paid promptly and appropriate recovery action is taken if required. This may be guided by a Bad Debt Control Policy.

7.1	Does the council receive BMD reports regularly?	Yes / <del>No</del> How frequently? Bi-Monthly at the Finance committee meeting
7.2	Are full explanations received for items - / + 15% of budget?	Yes / <del>No</del>
7.3	Is the budget constructed according to proper practices (including a last completed year column, to act as a comparative)?	Yes / <del>No</del>
7.4	Is there a Bad Debt Policy in place?	Yes / No Not Applicable. This situation is very unlikely to occur.

Comments (for improvement or amendment)

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### Risk Management Policy

The council will have a Risk Management Policy. The policy is reviewed annually. This contains details about all the activities of the council. It risk assesses the potential impact and likelihood of each activity and then requires the council to consider how it would manage that risk. Risk is invariably managed through insurance, controls, inspections and assessments and training. It could also be managed by additional support from professional outside organisations.

8.1	Has the Risk Management policy	Yes / <del>No</del> Operational register updated November 2019
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	been updated during the year?	Financial register updated July 2020
8.2	Have new activities been included?	Yes / <del>Ne</del>
8.3	Has the council's Insurer been advised of new activities?	Yes / <del>Ne</del>
8.4	Has the council drawn up a full asset register?	Yes / <del>Ne</del>

Comments (for improvement or amendment)

Date of Policy

Approved at Full Council 2<sup>nd</sup> July 2020.

Policy is in place for 1 year.