

INTERNAL AUDIT PROCEDURES and REVIEW OF ITS EFFECTIVENESS

Bletchingley Parish Council (the 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 properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is 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. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives: it can therefore only provide reasonable and absolute assurance of effectiveness. The system of internal control is based on an on-going process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, 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 has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Council reviews its obligations and objectives and approves budgets for the following year at its November/December meetings and approves the level of precept for the following financial year. The Council monitors progress against objectives, financial systems and procedures, performs budgetary control and carries out regular reviews of financial matters and minutes these. The Council usually meets eleven times each year (including the annual meeting) and monitors progress against its aims and objectives at each meeting by receiving relevant reports from Members and the Clerk to the Council. The Council carries out regular reviews of its internal controls, systems and procedures.

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for the day to day compliance with law and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

Internal Audit Procedures

1. **Petty Cash** – to be maintained at a maximum float of £100
2. **Banking** – to be undertaken as reasonably required by the Clerk. Full details to be entered onto paying in book stub and cheque book record.
3. **Bank Accounts** – there are two accounts, current and deposit accounts – to maximise interest, transfers from the deposit account to the current account only made as required.
4. **Insurance** – cover to be reviewed by the Council, together with the Clerk on a yearly basis.
5. **Fees and Charges** – to be considered annually and any changes to be confirmed by the Council.
6. **VAT** – to be claimed back at least once each year as soon as practicable after financial year end.
7. **Invoices for Payment** – to be collected by the Clerk in a file for payment at the end of each month. Once the invoices have been checked by the Clerk as to correctness, they are then submitted each month to the Council for approval for payment with the relevant cheques. The cheques and stubs to be signed by any two authorised signatories. Procedures for authorising payments are laid down in the **Financial Regulations** and referred to in **Standing Orders 18.1 and 23**. All capital expenditure, s137 expenditure and extraordinary expenditure payments are to be recorded in the minutes.

8. **Salaries** – the Clerk is paid on the recognised NALC approved pay scale and implements rises and increments – reporting this to the Council. Payments to Inland Revenue to be paid by the 19th day of the subsequent month.
9. **Bank Reconciliation** – to be carried out monthly by the Clerk. The Cash Book and bank reconciliation to be signed monthly as to their correctness by the Clerk and the Chairman of the Council. A monthly statement to be provided to the Council at each monthly meeting.
10. **Budget Control** – the clerk to monitor budgets and point out any potential overspends and under spends against budget. The monthly statement to contain forecast figures, final figures for the previous year and actual figures to date.
11. **Expenses** – for travel and subsistence for councillors are paid according to the scale for councillors' expenses as laid down by NALC – on receipt of a detailed claim. A record of all payments to councillors to be kept in a separate column in the cash book.
12. **Separate Columns in the Cash Book** – expenditure under Section 137, record of loan repayments, Councillor expense payments and capital receipts and payments to be kept by the Clerk.
13. **Overall supervision by Councillors** – at least twice a year the Councillor responsible for Finances and the Chairman shall meet with the Clerk and examine any aspect of the accounts and accounts system of their choice and make a report as necessary to the Council.

Review of its Effectiveness

In order to meet the recommendations drawn up by the Audit Commission for Councils to check the effectiveness of the Internal Audit the following procedures will be undertaken:

1. Ensure an independent and competent auditor is appointed who is familiar with Financial Regulations and the workings of Parish Councils.
2. Approve and adopt the Internal Auditor's Audit Plan and review it annually.
3. Full Council to review the reports provided by the Internal Auditor and to address any issues/suggestions raised.
4. An internal audit to be carried out twice yearly.
5. A copy of the internal auditor's reports to be supplied with the Annual Return.
6. To publish a Statement of Assurance to accompany the Annual Financial Statements