

# **Weston-in-Gordano Parish Council**

## **Internal Audit Plan, Internal Control Procedures and Review of Effectiveness**

### **1. Introduction**

This document sets out Weston-in-Gordano Parish Council's arrangements for maintaining effective internal audit and internal control procedures. It is reviewed annually by the Full Council to ensure continued compliance with the Accounts & Audit Regulations 2015 and best practice for smaller authorities.

The document has two parts:

- Part 1 – Internal Audit Plan: outlines the annual internal audit timetable and process.
- Part 2 – Internal Controls: details the ongoing checks carried out by councillors throughout the year.
- Part 3 – Review of Effectiveness: annual checklist confirming that the audit process remains robust and compliant.

### **Part 1 – Internal Audit Plan:**

This Internal Audit Plan runs from February / March of each year. It covers three financial years:

- Review of the internal audit for the *previous financial year*
- Internal audit for the *current financial year*
- Appointment of the *internal auditor* for the *new financial year* starting in April

### **March – May (depending on election year)**

- Full Council, with the Clerk, to review the effectiveness of the internal audit process and relevant documentation.
- Full Council to approve this Internal Audit Plan.

### **April / May**

- Start of the new financial year.
- Clerk (as RFO) to provide the end of year report for the previous year's accounts.
- Full Council to receive and consider the final internal audit report for the previous year's accounts.
- Full Council to review and approve the Certificate of Exemption (as the Council's annual income/expenditure is below £25,000).
- Full Council to approve the Annual Governance and Accountability Return (AGAR) Part 2, which includes:
  - Section 1 – Annual Governance Statement
  - Section 2 – Accounting Statements
- Publish the approved AGAR (Sections 1 and 2), Certificate of Exemption, and the Notice of Public Rights on the Parish Council website and noticeboard as required.

### **Aug / Sept**

- Full Council to review and approve the appointment of the Internal Auditor for the new financial year)
- If applicable, Full Council to receive and note any correspondence or feedback from the External Auditor.
- Publish any External Auditor report (if received) along with the signed and certified AGAR documents.

### **Nov - Jan**

- Implement any action plans arising from internal or external audit recommendations (if required).
- Full Council to meet, discuss, and agree the budget and precept for the next financial year.

### **April**

- Internal Auditor to meet with the Clerk for Internal Audit
- Full Council to consider, publish and review and issues raised by the Internal Auditor.
- Implement Action plan from Internal Auditor (if required).

## **Part 2 – Internal Control Procedures**

To provide assurance that financial management and governance arrangements are operating effectively throughout the year, in line with the Council's Financial Regulations and this Internal Audit Plan.

### **1. Payments and Invoices**

- All payments are approved by Full Council and recorded in the minutes.
- Invoices are checked by the Clerk/RFO for accuracy before payment.
- Payment authorisation is completed by two councillors in accordance with the Council's bank mandate.
- A councillor carries out at least one sample check per quarter (see below) to confirm:
  - Invoices match payment details
  - VAT has been correctly recorded
  - Payments are properly minuted

### **2 Bank Reconciliation and Financial Monitoring**

- The Clerk/RFO prepares a bank reconciliation each month.
- A councillor (if possible, not a signatory) checks and signs the bank reconciliation quarterly, verifying that:
  - Bank balances agree with the cashbook
  - Income and expenditure are properly recorded
  - Any variances are explained
- Bank statements and reconciliation reports are shared monthly with Full Council as part of the finance report.

### **3. Income**

- The Clerk/RFO records all income (e.g. precept, VAT reclaim, cemetery fees, grants).
- A councillor checks that receipts are correctly banked and recorded in the cashbook quarterly.

### **4. Budget Monitoring**

- The Clerk/RFO presents budget vs actual expenditure reports to Council monthly.
- Councillors review variances and agree any adjustments as needed.

### **5. Assets and Insurance**

- The asset register is reviewed annually by the Council.
- Insurance cover is checked annually to ensure adequate protection.

### **6. Risk Management**

- The Council reviews its risk assessment annually.
- The Council confirms that internal controls identified in the risk assessment are being followed.

### **7. Year-End Checks**

- Before the internal audit, a councillor (not the Chair) reviews:
  - Year-end bank reconciliation
  - A random sample of invoices and receipts
  - The asset register against insurance and accounts records

### **Reporting and Recording**

- The councillor undertaking internal control checks reports findings to Full Council.
- Any discrepancies or recommendations are recorded in the minutes, and corrective action agreed.

### Part 3 – Review of Effectiveness

Each year, the Council reviews the effectiveness of its internal audit arrangements using the Internal Audit and internal controls reports.

#### Review Checklist, parts 1 & 2 (see below).

This review assesses whether:

- The scope, independence and competence of the internal audit remain appropriate;
- The internal control system (including councillor checks) is operating effectively; and
- The audit process continues to meet expected standards and adds value to the Council's governance.

The completed checklist (see below) is reviewed and approved by Full Council at the same time as this document and recorded in the minutes.

#### Approval and Review

Version	Date approved	Minute Reference	Next Review
1.0			

### **Internal Audit Review Checklist – Part 1 – Meeting standards**

The Council is considering the review of effectiveness of the internal audit process in the following five areas:

Expected standard	Evidence of achievement	Yes/ No	Areas for development or additional details
Scope of internal audit	<p>Has the scope of the internal audit been discussed with the internal auditor to ensure that the audit covers all the relevant risk areas?</p> <p>Internal audit must take into account both the council's risk assessment and internal control arrangements. The audit also covers the council's anti-fraud and corruption arrangements.</p>		
Independence	The internal auditor is sufficiently independent, unbiased and objective as they do not have any other role within the council. The Internal auditor is given direct access to those charged with governance, if required.		
Competence	The internal auditor has sufficient knowledge to be able to carry out the audit. There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.		
Relationships	The responsibilities of council members are understood; training of members is carried out as necessary. Responsible officer (Clerk and RFO) is consulted on the internal audit plan. (Evidence is on audit files). Respective responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters (job descriptions and engagement letter). Councillors complete internal financial checks monthly, quarterly and annually.		
Audit Planning and Reporting	The Parish Council is aware of a timetable of when the internal audits will take place and notified when a report is presented. The internal audit plan properly considers the risks facing the council and has been approved by the council.		

## Internal Audit Review Checklist – Part2 – Characteristics of Effectiveness

Characteristics of 'effectiveness'	Evidence of achievement	Yes or No	Areas for development
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the council's needs.		
Understanding the whole organisation its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement.		
Be seen as a catalyst for change	Internal audit supports the council's work in delivering improved services to the community.		
Add value and assist the organisation in achieving its objectives	The council makes positive responses to internal audit's recommendations and follows up with action where this is called for.		
Be forward looking	In formulating the annual audit plan, agenda changes are considered. Internal audit maintains awareness of new developments in the council's services, risk management and corporate governance arrangements.		
Be challenging	Internal audit focuses on the risks facing the council. Internal audit encourages managers/members to develop their own responses to risks, rather than relying solely on audit recommendations.		
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work. Internal audit understands the council and the legal and corporate framework in which it operates.		

The Parish Council has a strong ethos of good management of these processes and procedures. The Parish Council is advised on updates and changes in best practice by the Clerk / RFO.

Processes, Risk Management and Policy changes are reviewed on a regular basis and relevant updates, changes and challenges to these are implemented as required and in scale to the Parish Councils responsibilities. The Council is constantly looking forward to incoming policy changes and developing appropriate responses to those where required and as appropriate and reflect best practice with support from Council groups such as NALC / ALCA and SLCC.