

FLITCHAM - cum - APPLETON PARISH COUNCIL
Annual Review of Effectiveness of Internal Control and Audit

Internal Control

The system of internal control is designed to reduce the financial risk of the Parish Council to an acceptable level.

Financial Management

The Parish Council has approved a set of financial standing orders which set out the way that Council's finances are to be managed. These are reviewed and approved once a year.

Two signatories out of three named signatories must authorise all payments and other financial documents.

The authorising signatory shall check the supporting document at the time of authorising payment, to ensure that the payment agrees with the amount of the invoice and the payee named on the invoice.

At the year-end, the Chairman shall ensure that the cash book totals are reconciled to the year-end bank statement and shall sign the bank reconciliation as evidence of this check.

The clerk is the Responsible Financial Officer and is responsible for the day to day financial management of the Council. The duties of the RFO are reviewed and approved once a year. The RFO shall report all payments to the Council.

In January, the Council shall review the budget in detail and shall decide on the precept for the forthcoming year.

Internal Audit

The Council must appoint an independent and competent internal auditor and carry out a review of the effectiveness of the internal audit once a year. The auditor reports his findings to the full Council and completes Section 4 of the Annual Return.

Competence

The internal auditor shall be competent to carry out the work. He/She should have an understanding of the accounting process, and understanding of the role of internal audit in reviewing systems, and awareness of risk management issues and an understanding of the accounting requirements, legal framework and powers of local council.

Scope

The purpose of internal audit is to review whether the systems of financial and other control are effective; neither the internal nor the external auditor can be expected to look for fraud. The internal auditor does not give an opinion on the accounts, but is required to review controls and give recommendations.

The internal auditor is required to review the completeness and accuracy of the council's accounts for the year, and to carry out a sample testing from the accounts to supporting documentation. The auditor shall also review payroll and VAT for reasonableness.

The internal auditor will discuss his findings with the RFO and will then write a report on his findings to the Parish Council. In the case of a serious problem, the auditor will report directly to the Chairman. Recommendations from the report will be recorded in the minutes and any action taken will be noted.

Independence

The auditor shall not have any other role or employment within the council and the council confirms that this is the case.

The auditor will report under his own name and will address his report to the council.

External Audit

The Council's external auditors are PKF Littlejohn. As a smaller authority a certificate of exemption must be completed along with the Annual Governance and Accountability Return and forwarded by Email. These documents must also be published on the parish website.

Review

A review of the systems of internal control and its financial risk management shall be carried out once a year and recorded in the Council's minutes. The review of the internal audit shall be approved by the full council and by the RFO.

Signed: _____
Chairman

Signed: _____
Clerk/RFO

Dated: _____

Dated: _____