

MARDEN PARISH COUNCIL INTERNAL AUDIT POLICY

This policy was adopted by the Parish Council on 12 August 2019

1. BACKGROUND

The Accounts and Audit Regulations 2015 state that every financial year smaller authorities must conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices.

The guidance issued in *Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to proper practices to be applied in the preparation of statutory annual accounts and governance statements (March 2019)* issued by the Joint Panel on Accountability & Governance (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC), identifies 'proper practices' for financial management and control in smaller authorities.

This states that 'It is a matter for the authority to determine the necessary scope and extent of its internal audit The authority should make sure that it is proportionate to the needs, size and the circumstances of the authority.'

2. PURPOSE AND SCOPE OF THE POLICY

Marden Parish Council is committed to providing a quality service for the benefit of people who live in, work in or visit the parish of Marden. The Council considers internal audit a key element of operating good and proper practices.

The purpose of this policy is to:

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

The over-riding purpose of internal audit is to support the Council to improve its procedures for financial control of its activities.

The scope of this policy is to set out the arrangements and responsibilities for the Internal Auditor. The policy should be read in conjunction with Marden Parish Council's Financial Regulations and Financial Risk Assessment.

3. ARRANGEMENTS AND RESPONSIBILITIES

The Internal Auditor

The following is based on the Governance & Accountability for Smaller Authorities document:

- Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations
- Internal audit must be independent from the management of financial controls
- The Council must be assured that the person carrying out the audit is competent to carry out the role to meet the business needs of the council and understands the local government legal framework
- The person carrying out the audit must be confident of meeting the requirements of the previous point

- The end-of-year internal audit will be reported to the full council at the Annual Meeting of the Parish Council or as agreed
- The Responsible Financial Officer should work in collaboration with the Internal Auditor
- Managing the Council's internal controls is the day-to-day function of the Council's staff and management
- Internal audit does not involve the detailed inspection of all records and transactions of the Council in order to detect error or fraud
- The function of the Internal Auditor is to consider if the Council's financial controls and procedures are adequate.

The Council and the Financial Advisory Working Group

Once an internal audit has been received by the Clerk/Responsible Financial Officer (RFO) and initial discussions between the Clerk/RFO and the Auditor have taken place, the internal audit report should be considered by the Financial Advisory Working Group (FAWG) in the first place.

As responsibility for internal control of Council finances is ultimately the responsibility of all Councillors, the FAWG will ensure that matters raised by the Internal Auditor are brought before the Council, with suitable recommendations.

The Clerk/Responsible Financial Officer

The Clerk/RFO retains the discretion to raise matters of internal control with the full Council if deemed critical.

The Clerk/RFO will:

- Liaise with the FAWG as required
- Advise the Council on the need to recruit specialist knowledge and advice for internal audit as required
- Ensure financial control matters are an agenda item at all regular Council meetings
- 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 by the FAWG in the first place and then full Council
- Report concerns to the FAWG at the earliest opportunity and then at the next full Council meeting
- Act as contact and liaison point with the Internal Auditor
- Agree the scope and plan of each internal audit with the Internal Auditor prior to commencement of the audit.

Review by: September 2020

Signed:



David Bennett, Chair Marden Parish Council

Dated: 12/8/19