

WEST ITCHENOR PARISH COUNCIL
PROPOSALS FOR A SYSTEM OF INTERNAL CONTROL, AUDITING AND REVIEW

1. The audit regime for Parish Councils requires the following procedures.

External audit. The external auditor is appointed by the Audit Commission. Our auditor is currently PFK Littlejohn.

Independent Internal Auditor. The Internal Auditor is appointed annually by this Council. Currently this is Mark Mulberry of Mulberry & Co Accountants.

Internal Controls. One Member to undertake routine checks to ensure that the account books are being kept properly. At the Council Meeting in May 2013, Cllr Colbourne was appointed to this roles for 2013/14

Annual review of effectiveness of the system of internal audit. The Council is required to conduct an annual review of the effectiveness of its system of internal audit and internal controls, a report should be prepared and a Council committee / Council as a whole must consider the findings.

2. The Independent Internal Auditor will carry out such checks as are needed to satisfy himself that the internal controls are adequate and workings. Checks are carried out annually and reported to the Council in the following areas:

- Proper book-keeping
- Application of Standing Orders and Financial Regulations
- Payment controls
- Risk management arrangements
- Precept calculation
- Budgetary controls
- Income records
- Petty cash records
- Payroll records and controls
- Asset and investment registers
- Test bank reconciliations
- Test year-end financial statements

3. Internal Controls by Members: The appointed member will undertake the following checks and report to the Council at each meeting:

- Ensure that the cashbook (and any other accounting records) are being correctly written up and are mathematically correct *bi-monthly*
- Ensure the bank statement is reconciled *bi-monthly*
- Ensure that petty cash is reconciled *bi-monthly*
- Ensure that all income due is actually received *bi-monthly*
- Ensure that the financial statements produced to Council agree with the accounting records *bi-monthly*.

4. Annual review.

Each year there will be an annual review of the effectiveness of the internal auditing and monitoring process. This should be take place after reports from the Internal and External Auditors have been received. The review will be undertaken by the Clerk and nominated Councillor and a report and recommendations will be presented to the Council in *September*.