



# ST. AGNES PARISH COUNCIL

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## Internal control policy

Adopted 17<sup>th</sup> May 2021; updated 6<sup>th</sup> December 2021

### Scope of responsibility

St Agnes Parish Council is responsible for ensuring that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. The system of internal control is designed to ensure that the Council's activities are carried out properly and as intended. Internal controls are set up by the Clerk/RFO, but it falls on the Council members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### Internal audit procedure

- Councillors

Two Councillors will fulfil an internal audit procedure at the Council offices as directed in the internal audit form at least quarterly. The same two Councillors will not perform the audit on more than one occasion within twelve months. The internal audit procedure checks:

- Previous Internal Audit report
- Proper bookkeeping
- Standing Orders and Financial Regulations
- Risk Management arrangements
- Budgetary controls
- Income controls
- Payroll controls
- Assets controls
- Bank reconciliation

- Internal auditor

The Council will appoint an independent internal auditor who will report to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management
- Reviews

The effectiveness of the internal audit is reviewed annually, and the Council agrees the appointment of the internal auditor. The internal auditor, who is competent and independent, is advised of the scope of the work required by the Council.

The scope of the work (and the charge) of the internal auditor is reviewed annually and the review and the appointment is minuted. The internal auditor will inspect the accounts of the year end (prior to completion of the annual return pages 2 and 3) and will complete page 5 of the annual return. The internal auditor will write a separate report to the Council detailing any findings they might have. The report of the internal auditor is copied to all members of the Council and considered as an agenda item at the next meeting. Recommendations from the report will be recorded in the minutes.

### **Changes imposed by the COVID-19 pandemic**

As a result of the pandemic and the imposition of remote working, the Council adopted alternative methods of operation from 20<sup>th</sup> March 2020. The methods are outlined in the COVID-19 Council Internal Plan, adopted 13<sup>th</sup> March 2020, minute reference H66/19. With regard to Internal Control Procedures, the resolved course of action falls under “all other administrative functions” and is as follows: *“To be dealt with wherever possible by staff working from home or otherwise postponed until normal Council operations resume.”*

Arrangements have been made for the Internal Auditor to conduct their review in a COVID-secure manner for the financial year 2020/21. Upon the resumption of normal Council operation, due to be four weeks from the second vaccination dose given to the last member of office staff (potentially September/October 2021), a full Internal review shall be conducted as described above by Councillors. This shall review all the bullet points listed above, and shall be checked from the point at which the last Councillor inspection was made on 17<sup>th</sup> December 2019. Furthermore, the process shall be conducted by four Councillors, rather than two, to reflect the backlog and workload and to give further safeguards.

**Update to the above:** A full Internal review was conducted on 26<sup>th</sup> November 2021 following the changes imposed by the COVID-19 pandemic March 2020 – September 2021. The Council shall endeavour to conduct physical checks each quarter unless further COVID-19 restrictions are imposed or adopted by the Council.

### **Review of effectiveness**

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work and any issues identified by:

- Full Council and Council Committees – identification of new activities
- Clerk/RFO who has responsibility for the development and maintenance of the internal control environment and managing risks – risks identified
- Internal auditor who reviews the Council’s system of internal control. The auditor will make a written report to the Council – action arising from reports
- The Councils external auditors, who make the final check using the annual return, a form completed and signed by the Clerk/RFO, the Chair of the Councillor and the internal auditor. The external auditor issues an annual audit certificate – action arising from audit report