



# **ROGIET COMMUNITY COUNCIL INTERNAL CONTROL POLICY**

**Adopted: 8 November 2023**

# **INTERNAL CONTROL POLICY**

## **1. POLICY STATEMENT**

Rogiet Community Council is responsible for ensuring that its public business is conducted within the law and proper standards and that public money is used efficiently, economically, and effectively. In order to achieve this, the Council acknowledges that it is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

## **2. PURPOSE OF INTERNAL CONTROL**

The Council's system of internal control is designed to ensure that its activities are carried out properly and as intended. This system is set up by the Council's Clerk / Responsible Financial Officer (Clerk/RFO). It falls upon all the Council members, however, to ensure that they have a degree of control, and that the effectiveness of the system is reviewed at least annually. Current advice regarding these controls is set out in Governance and Accountability for Local Councils in Wales - A Practitioners' Guide (2019).

## **3. FINANCIAL ASSESSMENT**

The Council shall follow its adopted Financial Regulations. The main areas of internal control are:

3.1. Online banking payments procedure are carried out in line with the adopted Financial Regulations. All invoices in support of direct debit/standing order payments are checked by the Clerk/RFO and approved by Council in meetings. Online banking is operated for invoices, payroll, pension and HMRC Tax and NI payments. Hard copies are checked by the Clerk/RFO and approved by Council in a meeting.

3.2. The Clerk/RFO prepares a schedule of payments requiring authorisation and together with the relevant invoices it will be presented on the agenda of a Council meeting. The detailed list of payments shall be recorded on the Minutes of the meeting at which the payments were authorised. The Chair of Council signs these Minutes.

3.3 Wages and Salaries – the processing of salary calculations and monthly HMRC reporting is contracted out to a local accountant. PAYE records are maintained for all employees. Statutory deductions paid to HMRC for Tax and NI, and contributions to pension schemes are processed monthly. Salary/wages payments are reported to Council monthly. Changes to pay/hours must be authorised by Council. National pay scales are reviewed annually, and any changes must be authorised by Council.

3.4. The annual budget is set annually by Full Council ahead of an application for the Precept. The budget must be kept under review by the Finance Committee and Full Council.

3.5 The Clerk/RFO administers the accounts in a proper manner ensuring correct records and internal and external audits are completed. Quarterly Financial detailed reports are presented to Council.

3.6. A Verification Councillor shall at least once every quarter checks the accounts and bank reconciliations with the Clerk/RFO.

3.7. An independent Internal Auditor is appointed by the Community Council – currently IAC Auditing and Consultancy Ltd. The Internal Audit Reports are reported to Full Council. The Council must take note of any findings or recommendations, to ensure correct standards of accounting are maintained in the future.

3.8. The External Auditors, currently Audit Wales, carry out the External Audit for the Council. Any findings and recommendations from the External Auditor will be reported to Full Council. The

Council must take note of any findings or recommendations, to ensure correct standards of accounting are maintained in the future.

3.9. The Council has a responsibility for conducting an annual review of the effectiveness of the system on Internal Control. This is performed by Full Council and the Clerk/RFO at the Annual Meeting.

#### **4. STANDING ORDERS**

The Council shall abide by its "Standing Orders", which have been adopted by the Council and supplied to all Councillors.

#### **5. INSURANCE**

The Council shall review its insurance policy annually at renewal to ensure adequate cover is in place. All new capital items are to be insured at time of purchase.

#### **6. RISK ASSESSMENT**

The risk assessment of the Council's financial management shall be reviewed annually at The Annual Meeting of Council.

#### **7. COMMUNITY COUNCILLORS**

Councillors shall endeavour to work as a team and be aware of their responsibilities as to the law and proper Council procedures. Councillors must attend meetings regularly. They will be provided with a copy of "The Good Councillors Guide" and be familiar with and endeavour to comply with appropriate legislation. The Clerk/RFO will endeavour to see that the Council operates in accordance with the law and maintains the correct records as required by the law.

#### **8. COUNCIL COMMITTEES**

The Council operates a limited Committee structure and uses Working Groups to investigate specific issues. Committees each have an appointed Chairman who is responsible for the smooth running of the meetings.

#### **9. ASSET REGISTER**

The Council shall maintain an Asset Register, which is reviewed at the Annual Meeting. Asset Inspection is undertaken regularly. Disposed items are recorded on Asset Register.

#### **10. DECLARATIONS OF INTEREST**

Councillors are asked, at the start of each meeting, if they have any interests to declare, and if they do, it will be so minuted with the reason why. If the interest is a Disclosable Pecuniary Interest, they must leave the meeting during the discussion of the relevant item unless a Dispensation has been approved.

#### **11. PROPERTY**

The Councillors shall carry out a visual inspection annually to ensure that all the Council's property, and areas of responsibility, are in a good state of repair and order. The Clerk/RFO ensures that the play and recreation areas are checked monthly in addition to the external operational inspection report and annual safety check.

## REPORT FOR INTERNAL AUDIT – REVIEW OF EFFECTIVENESS

### STATUTE – ACCOUNTS AND AUDIT (WALES) Regulations 2014 (as amended).

#### INTRODUCTION:

Regulation 7 of the Accounts and Audit (Wales) Regulations 2014 (as amended) require councils to carry out an annual review of the effectiveness of their system of internal control. Internal audit is part of the system of internal control.

Governance and accountability for Local Councils in Wales – A Practitioners Guide 2019, a recognised source of guidance, recommends that as best practice and as part of the review of internal control, local councils should at least once a year carry out a review of internal audit. The results should be included in the annual governance statement.

#### SCOPE OF REVIEW:

*The review must reflect the Council's internal audit needs and usage. It should provide sufficient Assurance for the Council that internal audit's work meets required standards and is effective. Councils must judge the extent and scope of the review by reference to their own individual circumstances.*

The starting point for the review should be an assessment against the internal audit standards below:

Standard	Consider
The scope of the internal audit	The terms of reference and the extent of the work undertaken by internal audit.
Independence	The extent to which the internal auditor is able to carry out the audit without undue influence or conflict of interest.
Competence	The ability and experience of the internal auditor to undertake the work.
Relationships	The clarity of relations between the Council, the Clerk and the internal Auditor.
Audit planning and reporting	The effectiveness of the audit plan and reporting procedures.

The review should focus on the internal audit standards identified above. These will include principally a consideration of the extent to which internal audit adds value and how well it is helping the delivery of the Council's objectives.

The review is about how effective internal audit is, not the process it followed. In essence, the review should focus on the quality of delivery of the internal audit service i.e. reliable assurance about the Council's internal controls and its management of risk.

IAC Audit and Consultancy Ltd, the Council's internal auditors for 2022-2023.