



Buckland & Chipping Parish Council

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Effectiveness of Internal Controls Review V1

Adopted	
Review	
Agenda Reference	335.8.4

Introduction

The authority has responsibility under regulation 5(1) the Accounts and Audit Regulations 2015, for conducting, at least annually, a review of the effectiveness of the system of internal control.

<http://www.legislation.gov.uk/uksi/2015/234/contents/made>

Proper Practices are defined within The Practitioners Guide [file \(nalc.gov.uk\)](http://nalc.gov.uk)

Adequate and Effective Systems, Review of Effectiveness

The review is informed by the work of:

- The Council and its Committees (if applicable)
- The Clerk/Responsible Finance Officer
- The Internal Auditor
- The External Auditor

Annual review of the control systems enables the council to accurately complete the section 2 of the Annual Governance and Accountability return (AGAR).

" We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness'.

The Effectiveness of the System of Internal Control

The system of internal controls at Buckland & Chipping Parish Council currently consists of:

Appointment of Clerk and Responsible Financial Officer

Adoption of Code of Conduct for Members

Standing Orders and Financial Regulations

Adoption of Financial and Management risk assessment

Asset Register and annual review of accuracy.

Annual review of effectiveness of internal controls

Annual review of the effectiveness of the internal auditor

Review of internal audit arrangements and implementation of any recommendations.

Review of the audit plan calendar (appendix 1)

Terms of Reference for the Internal Auditor (appendix 4)

Safe and efficient arrangements to safeguard public money

Regular scrutiny of financial records and proper arrangements for the approval of expenditure

Procedures in place to ensure that direct debits and standing orders are approved by Council.

Adherence to the internal financial control systems detailed in the financial regulations

Scrutiny of calculations provided by payroll provider

Regular employer returns to HM Revenue and Customs

Completion of annual vat return and the RFO ensuring they are up to date in matters of VAT and other taxation issues as necessary

Regular budget monitoring statements provided to council

Preparation and dissemination of regular financial reports comparing actual expenditure against forecasts

Regular review of such reports by officers, and by members in Committee and Council.

Minutes properly numbered with a master copy kept in safekeeping.

Training towards Sector qualified Clerk (CiLCA)

Training and continuing professional development of the clerk and members budgeted for.

Scope and Responsibility

Buckland & Chipping Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. In discharging this overall responsibility, Buckland & Chipping Parish Council is also 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.

Purpose of the Systems of Internal Control

The system of internal control is designed to manage risk at a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them effectively and economically.

Supporting Documents

Appendix 1 Audit Plan Calendar

Appendix 2 Review of the Effectiveness of the Internal Auditor

Appendix 3 IA Terms of Reference

Appendix 4 AIAR (full narrative report circulated, no further actions)

(Available on request)

Financial Regulations

Financial and Management Risk Assessment.

JPAG file (nalc.gov.uk)

Appendix 1

Audit Plan Calendar

Audit Plan agreed Mar 2025 – please note this forms part of our internal controls process.

Action	Proposed Month
Council to approve terms of reference for Internal Auditor.	January
Council to Appoint internal auditor.	January
Council to review financial and management risk assessment.	January
Council to complete annual return.	April/May

Internal Auditor to receive all accounts for the year end.	April/May
Council to review any issues raised by auditor.	May-July
Council to review that audit has been carried out in line with recommended practise (ethically and with integrity and objectivity).	May-July
Council to send annual return to external auditor.	May-June
Electors able to exercise their rights.	June/July
Council to obtain quotes from alternative suppliers	April/May
Council to review effectiveness of internal control.	May/Dec
Councillors to receive report from external auditors.	Sept is chosen to be externally audited
Council to review financial systems and control.	December/May
Council to review audit plan.	December
Council to review effectiveness of Internal auditor and audit. /Internal controls	Dec/May
Council to review Financial Regulations.	May

Please note that the dates may be altered depending on agenda space

Appendix 2

Review of Effectiveness of Internal Audit and Auditor, Meeting the standards

Expected Standard	Evidence of Achievement	Is this standard achieved/needs
Scope of internal audit	<p>Scope of audit work takes into account risk management processes and wider internal control.</p> <p>Terms of reference and financial regulations define responsibilities in relation to preventing fraud.</p> <p>BCPC appointed HAPTC Auditing Solutions for 24/25</p>	<p>Yes-</p> <p>auditor for 2024/25 appointed 4th Sept 2023 minute ref 322.6.5 for 3 years</p>
Independence	<p>Internal Auditor has direct access to RFO.</p> <p>Reports are made in own name to management.</p> <p>Auditor does not have any other role within the council.</p>	<p>yes</p>
Competence	<p>No evidence that internal work has not been carried out ethically, with integrity and objectivity.</p> <p>Internal auditor familiar with governance processes and accounting regulations for parish councils</p>	<p>Yes (previous experience as a clerk)</p>
Relationships	<p>Clerk/RFO and councillors are consulted on the internal audit plan and on the scope of each audit.</p> <p>Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters.</p> <p>The responsibilities of council members are understood, and training carried out as necessary.</p>	<p>Yes, during review of internal control audit plan is discussed.</p>
Audit Planning and reporting	<p>The audit is a feature of a wider plan with regards to internal control. Policy and procedural reviews and</p> <p>Bi-Monthly reports and strong internal control procedures embed this approach within BCPC.</p>	<p>An annual audit plan is being put in place</p> <p>The review of Internal control will now be put in place every 6 months. A rolling programme of policy, procedural and risk assessment reviews is being undertaken to ensure that the policies and procedures adopted are compliant and current.</p>

Characteristics of Effectiveness		
Expected Standard	Evidence of Achievement	Is this standard achieved/needs
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the body's governance assurance needs.	Yes plan in place and terms of reference/ letter of engagement to be agreed by council.
Understanding the whole organisation its needs and objectives	The annual review demonstrates how audit work will provide assurance in relation to the body's annual governance statement.	yes
Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics.	yes
Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where called for.	Yes. Copy of report with the recommendations to be circulated once received and council to be updated in full prior to next audit being instructed. Circulated regularly. Last circulation post audit May 2024
Be forward looking	When identifying risks and in formulating the annual internal control plan, changes on national agenda are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Yes, Clerk regularly receives updates from advisory services regarding changes to procedural templates or regulations.
Be challenging	Internal audit focuses on risks and encourages members to develop their own responses to risks, rather than relying solely on audit recommendations. The aim of this is to encourage greater ownership of control environment.	yes
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work. Internal auditor understands the body and the legal and corporate framework in which it operates.	Rigorous systems have now been implemented in line with auditors' recommendations. Parish specific accounting package purchased April 2023. Clerk has circulated report following audit May 2024. No further actions to be taken.

Internal Audit Service - Terms of Reference

Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council using a systems-based approach.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with particular reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws, and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- The integrity and reliability of information, accounts, and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year to be able to complete Section 4 (Annual Internal Audit Report) of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council is in compliance
- Review operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

The Scope of Internal Audit Activity

- There are no limitations on Internal Audit's scope of activities. The scope of Internal Audit allows for unrestricted coverage of the council's activities, including both financial and non-financial systems of internal control.

Independence

The main determinant of the effectiveness of Internal Audit is that it is seen to be independent in its planning and operation. To ensure this, Internal Audit will operate within a framework that allows:

- Unrestricted access to the officers of the council
- Reporting in its own name
- Segregation from the day-to-day operations of the council

Every effort will be made to preserve objectivity by ensuring that all Internal Auditors are free from any conflicts of interest and do not undertake any non-audit duties on behalf of the council.

Rights of Access

Audit visits should take place at a mutually agreed location. There are no limitations on Internal Audit's access to records. Internal Auditors shall have the authority to:

- Access council premises at reasonable times agreed in advance
- Access all assets, records, documents, correspondence, and control systems

- Receive any information and explanation considered necessary concerning any matter under consideration
- Require any employee of the council to account for cash, stores, or any other council asset under his/her control
- Access records belonging to third parties, such as contractors, when required

The Council's Responsibilities

The Responsible Financial Officer and Proper Officer have clearly defined responsibilities for Risk Management, Internal Control, Internal Audit and preventing Fraud and Corruption.

The existence of Internal Audit does not diminish the responsibility of the council to establish systems of internal control to ensure that activities are conducted in a secure and well-ordered manner.

Bullying & Respect

The Internal Auditor must respect the officers and members of the council, who in turn must respect the Internal Auditor. Members and officers must not bully, intimidate, or coerce the Internal Auditor. Bullying of the Internal Auditor will not be tolerated, and such behaviour may lead to the service being halted and suspended temporarily or withdrawn permanently.

Reporting

The Internal Auditor will formally report the results of audits and the recommendations made to council and will follow up at subsequent Internal Audits to make sure that corrective actions are taken.

Annual Internal Audit Report 2023/24

Buckland and Chipping Parish Council

www.bucklandandchippingpc.org.uk

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓	
D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.		✓	
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (if the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")	✓		
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).		✓	
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).		✓	

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

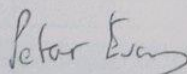
Date(s) internal audit undertaken

02/05/2024

Name of person who carried out the internal audit

Peter Evans

Signature of person who carried out the internal audit



Date

06/05/2024

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).