Procedures for Internal Control and Audit Plan

1. Legislative Framework

This policy operates in accordance with:

- The Local Audit and Accountability Act 2014
- The Accounts and Audit Regulations 2015
- The Local Audit (Smaller Authorities) Regulations 2015
- The Smaller Authorities (Transparency Requirements) Regulations 2015

and follows guidance contained within the JPAG Practitioners' Guide (latest edition).

2. Roles and Responsibilities

Responsible Financial Officer (RFO)

The RFO is responsible for:

- Proper administration of the Council's financial affairs
- Maintenance of accounting records
- Preparation of financial statements
- Ensuring compliance with statutory requirements

Council Members

Members are collectively responsible for:

- Ensuring adequate financial control systems
- Monitoring financial performance
- Approving expenditure and governance arrangements

Internal Control Councillor (ICC)

The Council appoints an ICC to carry out periodic internal control checks. The ICC:

- Reviews financial records by sampling
- Verifies compliance with Financial Regulations
- Reports findings to Full Council quarterly

3. System of Internal Control

The Council maintains an adequate and effective system of internal control, including:

- Up to date Financial Regulations
- A reviewed Risk Management Policy and Risk Register
- Budgetary monitoring and reporting
- Proper authorisation of expenditure
- Regular reconciliation of bank accounts
- Transparent reporting to Council

The ICC verifies, through sampling, that:

- All income due is received and recorded
- Expenditure aligns with approved budgets
- Payments are properly authorised (excluding approved DDs, BACS, salaries)
- Accounting records are accurate and up to date
- Monthly bank reconciliations are completed

Any discrepancies are investigated with the Clerk/RFO and reported to Council.

4. Internal Audit Arrangements

In accordance with Regulation 5 of the Accounts and Audit Regulations 2015:

- The Council appoints an independent and competent Internal Auditor (IA)
- The IA must be independent of the Council's decision-making and operations

The Council currently appoints:

- Northamptonshire County Association of Local Councils

Internal Audit Scope

The IA:

- Operates under Terms of Reference approved annually
- Conducts work based on risk assessment
- Tests financial systems and internal controls
- Reviews compliance with governance requirements

The IA provides:

- A written Internal Audit Report
- Input to the Annual Governance and Accountability Return (AGAR)

5. Review of Effectiveness

The Council conducts an annual review of internal control and internal audit effectiveness, informed by:

- Internal Audit reports

- ICC findings
- Risk management reviews
- Governance Statement assertions (AGAR Section 1)

This review ensures compliance with:

- Proper Practices (JPAG)
- Ongoing governance effectiveness

6. Public Rights and Transparency

The RFO is responsible for:

- Setting the 30 working day period for the exercise of public rights
- Ensuring the period includes the first 10 working days of July (as required annually by external audit instructions)

During this period:

- Accounts and supporting documents are available for inspection
- Electors may raise questions or objections with the external auditor

The Council also complies with:

- Transparency Code requirements for smaller authorities

7. Internal Audit Effectiveness Criteria

The Council confirms that Internal Audit:

Meets Core Standards

- Clearly defined scope
- Independence from Council operations
- Adequate competence
- Strong working relationships
- Risk-based planning and reporting

Demonstrates Effectiveness

- Planned and risk-based work
- Understanding of Council objectives
- Adds value through recommendations
- Supports governance improvements
- Encourages ownership of risk
- Provides forward-looking advice

8. Internal Control Councillor – Key Checks

The ICC undertakes periodic checks including:

- Income

- Precept receipts verified
- Allotment and other income invoiced and received
- VAT reclaimed and received
- Interest recorded

Expenditure

- Invoices checked and recorded
- Payments approved and minuted
- Payment schedules signed

Financial Records

- Monthly entries maintained in accounting system (e.g. Scribe)
- Monthly bank reconciliations completed

Governance Actions

- Annual review of Internal Audit effectiveness (January–February)
- Review of Financial Regulations (pre-May)
- Quarterly internal control checks
- Audit Plan approval

9. Review Cycle

This policy will be:

- Reviewed annually
- Approved by Full Council
- Updated in line with legislative or JPAG guidance changes

Approved and adopted by Bugbrooke Parish Council

Signed ___________________________ Chair

Date: 11th May 2026