

DRINKSTONE PARISH COUNCIL

To: Councillors

February 2016

Item 8 – To Review the effectiveness of Internal controls

Council as a whole is responsible in law for ensuring that it has a sound system of internal control in order to facilitate the effective exercise of its functions and which includes arrangements for the management of risk.

Councils are required at least once a year to conduct a review of the effectiveness of their systems of internal control. (The requirement to carry out a review of the effectiveness of their internal audit provision is no longer mandatory.)

I cannot find any evidence within your minutes to confirm that you have carried out a review of the effectiveness of your Internal Control systems for 2015/16, I have found mention of a review of Financial Regulations back in March 2015 and of course following the recent recommendations of the Policy & Procedures Working Group you reviewed and amended your Standing Orders and Financial Regs, carried out a review of Risk Assessment and established various policies and procedures to provide an adequate system of control for the business of the council. Therefore I do suggest that you now need to carry out a review of the effectiveness of these systems before you come to complete the Annual Return, you can then truthfully answer;

Question 2 of the Annual Return asks for confirmation of the following:

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

The governing documents and systems of internal control of the council are recommended to be:

- Standing Orders for the conduct and transaction of business at meetings of the council
- Financial Standing orders
- Arrangements for inspection of minutes and accounts by local residents
- The code of conduct adopted by the council, which Councillors must observe
- Arrangements for access to information held by the council under the Freedom of Information Act 2000
- Arrangements for handling complaints
- Regular Financial reports
- Independent internal audit
- Budgetary control and monitoring procedures
- Bank reconciliation
- Identification, evaluation and management of operational and financial risks

Annual review of systems of Internal Control

An annual review of councils systems of internal control should be designed to provide sufficient assurance that standards are being met. Resolutions to annually review, amend and adopt governing documents will be recorded in the minutes even if no changes are made, in order to demonstrate that the council is continuing to review its governing arrangements and systems of internal control. You now need to be sure that these systems are effective.

Review outcomes

I have drafted a straight forward check list which you should work through to establish:

An opinion as to whether or not its governing arrangements and internal systems of control are effective.

Any areas for development or change and an Action plan to carry these out.

Recommendation; That council ensure that the systems of Internal Control that they have now established are effective