



## FINANCIAL INTERNAL CONTROL

In accordance with Financial Regulation Order No. 1.4, an annual review of Internal Control is required.

- 1 The Council's system of internal control shall cover:
  - (a) Appointment of Proper Officers and the Responsible Finance Officer.
  - (b) Proper book-keeping and financial reporting arrangements.
  - (c) Financial regulations including Standing Orders and payment controls.
  - (d) Risk management arrangements.
  - (e) Budgetary controls.
  - (f) Income controls.
  - (g) Petty cash controls.
  - (h) Payroll controls.
  - (i) Capital controls covering asset management, investments and borrowing.
  - (j) Bank reconciliation.
  - (l) Other areas identified from time to time in risk assessments.
- 2 In order to promote efficiency, economy and effectiveness, the Council may establish committees for Finance and/or Audit and/or Scrutiny under terms of reference specifying the objectives of the Committee, its membership, limitation of scope and functions of the Council which are to be delegated.
- 3 The accounting records determined by the RFO shall be sufficient to show the Council's transactions and to enable the RFO to ensure that any income and expenditure account, statement of balances or record of receipts and payments (and additional information to be provided or management information requested by the Council from time to time, as the case may be) comply with the Accounts and Audit regulations. The accounting records determined by the RFO shall in particular contain:

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- (a) Entries from day-to-day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate.
  - (b) A record of the assets and liabilities of the Council.
  - (c) Wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 4 The accounting control systems determined by the RFO shall include:
- (a) Procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable, and as accurately and reasonably as possible, to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records
  - (b) Identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.
  - (c) Procedures to ensure that uncollectible amounts, including any bad debts are not submitted to the Council for approval to be written off, except with the approval of the RFO, and that the approvals are shown in the accounting records.
  - (d) Measures to ensure that risk is properly managed.

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