

Great Tey Parish Council

INTERNAL CONTROLS POLICY

1. **SCOPE OF RESPONSIBILITY:** Great Tey Parish Council (the Council) is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions. This includes arrangements for the effective management of financial, governance, operational and reputational risk.
2. **PURPOSE OF THE SYSTEM OF INTERNAL CONTROL:** The system of internal control is designed to reduce risk to the Council and to ensure that the Council's activities are carried out properly, lawfully and as intended. The system supports the safeguarding of public funds, the proper accounting of income and expenditure, and compliance with statutory and regulatory requirements.

Internal controls are established and maintained by the Clerk and Responsible Financial Officer (RFO), however all Members of the Council share responsibility for understanding, monitoring and maintaining those controls.

Internal controls include:

- the checking of routine financial procedures;
- the examination of financial comparisons and budget monitoring reports;
- the maintenance of proper accounting records and regular bank reconciliations;
- the recording and annual review of assets and liabilities;
- the identification, assessment and management of risks as set out in the Council's Annual Risk Assessment;
- ensuring compliance with Standing Orders, Financial Regulations, statutory duties and proper practices.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. Accordingly, it can provide reasonable, but not absolute, assurance of effectiveness.

3. PERSONNEL INVOLVED IN THE INTERNAL CONTROL ENVIRONMENT:

3.1 The Council:

- The Council is responsible for establishing and maintaining the overall framework of internal control.
- The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that decisions are lawfully taken.
- The Chairs of Committees exercise similar responsibilities under delegated authority within their approved terms of reference.
- The Chair of each meeting initials each page and signs the final page of the minutes, which record the proposer and seconder of all resolutions passed.
- The cashbook, bank reconciliations and budget monitoring reports are presented to Council each month for scrutiny. A non-bank signatory Councillor undertakes periodic independent checks of bank reconciliations and reports findings to Council.
- All decisions are made in accordance with Standing Orders and Financial Regulations, which are reviewed at least annually.
- The Council reviews its obligations, risks and objectives and approves the budget and precept for the following financial year in accordance with its agreed timetable.
- The Council receives and approves regular financial statements at meetings.

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- Payments are made in accordance with Standing Orders and Financial Regulations. Authorised signatories and online banking arrangements are kept under regular review.
- All payments are supported by invoices or appropriate documentation and are approved and minuted prior to payment, in line with the controls identified in the Annual Risk Assessment.
- The Council reviews its Risk Assessment, insurance cover, asset register and internal control arrangements at least annually.
- All Council policies are reviewed annually to ensure they remain accurate, lawful and consistent with current legislation and best practice.

3.2 Parish Clerk / Responsible Financial Officer (RFO):

- The Council has appointed a Clerk who acts as the Council's Proper Officer and Responsible Financial Officer (RFO).
- The Clerk/RFO is responsible for the day-to-day administration of the Council, maintaining proper accounting records, managing banking arrangements and implementing the internal controls identified in this policy and the Annual Risk Assessment.

The Clerk/RFO ensures that:

- accounting records are kept up to date;
- bank reconciliations are prepared regularly;
- payments, payroll, VAT and statutory returns are processed correctly;
- risks relating to finance, data protection, cyber security, staffing and business continuity are managed in accordance with the Risk Assessment;
- Council policies, Standing Orders and Financial Regulations are maintained and reviewed;
- audit, transparency and publication requirements are met.

The Clerk/RFO manages the timetable for internal and external audit, approval of the Annual Governance and Accountability Return (AGAR), publication of the Notice of Public Rights and compliance with electors' rights.

All relevant financial and governance documents are retained for the statutory period.

3.3 Internal Audit:

The Council appoints an independent and competent Internal Auditor (IA) to review the adequacy and effectiveness of the system of internal control, having regard to the Council's Annual Risk Assessment.

The Internal Auditor reviews, as appropriate:

- accounting records and bank reconciliations;
- Financial Regulations and Standing Orders;
- budgetary control and reserves;
- asset register and insurance;
- payment and payroll controls;
- risk management and governance arrangements;
- compliance with statutory and regulatory requirements.

The Internal Auditor provides a written report to the Council. Recommendations are considered by Council, recorded in the minutes and acted upon as necessary.

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The scope of internal audit work and the appointment of the Internal Auditor are reviewed annually and minuted.

3.4 External Audit:

The Council submits the Annual Governance and Accountability Return (AGAR) and supporting documentation in accordance with statutory deadlines and requirements. The External Auditor's report is presented to Council and any actions required are implemented.

4. REVIEW OF EFFECTIVENESS:

The Council conducts at least an annual review of the effectiveness of its system of internal control. This review is informed by:

- the Annual Risk Assessment;
- reports and recommendations from the Clerk/RFO;
- the Internal Auditor's report;
- findings and observations from External Audit.

5. SIGNIFICANT INTERNAL CONTROL ISSUES:

Where weaknesses or significant risks are identified, the Council will agree and implement appropriate corrective actions and record these decisions in the minutes.

6. BUSINESS PLANNING AND INTERNAL CONTROL:

The Council maintains a Business Plan to support effective decision-making and long-term financial and operational planning. The Business Plan aligns with the budget-setting process and key strategic policies, supporting effective risk management and transparent use of public funds, including monies received through the Community Infrastructure Levy (CIL).

7. DATA PROTECTION AND INFORMATION GOVERNANCE:

The Council complies with Data Protection legislation and maintains registration with the Information Commissioner's Office (ICO). Data protection, cyber security and information governance risks are reviewed annually as part of the Council's Risk Assessment.

8. ADOPTION AND REVIEW:

This Internal Controls Policy is reviewed annually by the Full Council, having regard to the Annual Risk Assessment and audit findings. The policy is adopted by resolution of the Council and signed by the Chair.