

CHEDGRAVE PARISH COUNCIL

INTERNAL CONTROL POLICY

Background and purpose of the Policy

Internal Control is the means by which a council strengthens its financial management. Good financial management enables the council to achieve its objectives and ensure that public money is safeguarded. Sound financial management includes effective reporting systems, implementation of policy documents and adherence to “proper practises”, as defined in Governance and Accountability 2018.

Adoption of this policy will also enable the council to complete Box 2 of the Annual Governance Statement of AGAR - ‘We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.’

Internal Controls include:

Standing Orders and Financial Regulations

Standing Orders must include provisions for securing competition and regulating the manner in which tenders are invited. Standing Orders should include details relating to delegation to the Clerk (in an emergency). Standing Orders must contain all the items in bold recorded in the model (template) document but should, in addition, be tailored to the needs of the Council. For example, if the Council has committees the terms of reference for those committees should be agreed by full council and detailed. Financial Regulations should be tailored to the needs of the Council. They should include arrangements as to how the council orders goods and services, makes payments and handles receipts, debt and so on. There should also be regulations which state how petty cash and cash are handled. Councils need to review their Standing Orders and Financial Regulations regularly.

Chedgrave Parish Council will review its Standing Orders and Financial Regulations **annually. This review will be minuted.**

The Internal Auditor

The Internal Auditor role is part of internal control in that they test the systems which are in place. They check that the systems are robust and that they are being correctly implemented. They will report their findings to Council by way of letter, as well as complete the report page of AGAR. There is no obligation on Chedgrave Parish Council to change the Internal Auditor annually, but to annually review that their Internal Auditor remains independent and competent and that their reporting is complete.

Chedgrave Parish Council will review the appointment of its Internal Auditor annually and by **January of each year. This will be minuted.**

Internal Control Officer / Scrutineer

A council may also have an Internal Control Officer or Scrutineer (this is not a mandatory role but highly recommended). This is a member of the council (a non-cheque signatory) who inspects the accounts once a quarter/half year reporting their findings to council. The Internal Control Officer should report their findings to council meetings.

Chedgrave Parish Council will review this appointment at its Annual Parish Council Meeting.

Financial Statements

Financial statements must be reported to council at their meetings. This will include details of payments and receipts and a bank reconciliation.

Chedgrave Parish Council will minute approval of the financial statements.

Budget Monitoring Documents

A council will receive **regular reports** of actuals against budget. Where there are variations (this is a % identified in financial regulations) a report must be given to council. A copy of the budget should be given to all councillors.

Chedgrave Parish Council will minute reports regarding budget.

Bad Debt Recovery

Bad Debt recovery is an important part of financial management. The Council must ensure that invoices are paid promptly and appropriate recovery action must be taken if required.

Risk Management Policy

The council is required to have a Risk Management Policy. This policy should be reviewed annually. This contains details about all the activities of the council. It assesses the potential impact and likelihood of each activity and then requires the council to consider how it would manage that risk. Risk is invariably managed through insurance, controls, inspections and assessments and training. It could also be managed by additional support from professional outside organisations.

The RFO will advise Chedgrave Parish Council of the annual review of this Policy which must be displayed on the Council's website.

Auditors' Reports

The council must consider reports from both the Internal and External Auditor and take appropriate action.

Chedgrave Parish Council must consider its Auditors' Reports. Chedgrave Parish Council must minute their responses to these reports. Chedgrave Parish Council must advertise the reports on its website.

This Policy was agreed on: 1 April 2021

It will be reviewed: April 2022