



INTERNAL CONTROL POLICY

1. Introduction

Nettleham Parish Council is responsible for ensuring that its business is conducted lawfully, efficiently and transparently, and that public funds and assets are safeguarded and properly accounted for.

In accordance with the Accounts and Audit Regulations, the Council shall maintain an adequate and effective system of internal control and shall undertake an annual review of its effectiveness.

The Council recognises that no system of internal control can eliminate all risk. The system is designed to manage risk to a reasonable level and provide reasonable assurance that the Council's objectives can be achieved.

2. Objectives of Internal Control

The Council's system of internal control is designed to:

- Safeguard public money and assets.
- Ensure compliance with legislation, regulations and proper practices.
- Ensure financial transactions are properly authorised and recorded.
- Promote the efficient and effective use of resources.
- Protect the Council from fraud, corruption and error.
- Support effective risk management.
- Ensure accurate and timely financial reporting.

3. Roles and Responsibilities

Full Council

The Council shall:

- Determine the Council's policies and strategic direction.
- Approve and review Standing Orders and Financial Regulations.
- Approve the annual budget and set the precept.
- Receive regular financial reports and budget monitoring information.

- Approve expenditure in accordance with Financial Regulations.
- Review and approve the Asset Register annually.
- Maintain and review the Council's Risk Management Scheme.
- Appoint an independent Internal Auditor.
- Review the effectiveness of internal controls annually.
- Consider all Internal and External Audit reports and recommendations.

Chair of the Council

The Chair is responsible for:

- Presiding over Council meetings.
- Ensuring meetings are conducted lawfully and effectively.
- Supporting the Clerk in ensuring good governance.

The Chair has no individual authority to make decisions on behalf of the Council unless specifically authorised by the Council.

Clerk and Responsible Financial Officer (RFO)

The Clerk/RFO shall:

- Administer the Council's affairs in accordance with legislation and Council policies.
- Maintain proper accounting records.
- Ensure compliance with Financial Regulations and Standing Orders.
- Prepare budgets, financial reports and statutory returns.
- Manage the Council's financial affairs and banking arrangements.
- Submit VAT claims and statutory returns as required.
- Manage financial and operational risks.
- Maintain records in accordance with the Council's retention policy.
- Provide information required by Internal and External Auditors.
- Implement Council decisions and monitor compliance with Council policies.

4. Financial Management and Control

Budgetary Control

The Council shall:

- Approve an annual budget before the commencement of each financial year.
- Set the precept in accordance with statutory deadlines.
- Monitor income and expenditure against budget throughout the year.
- Receive budget monitoring reports at least quarterly.
- Consider significant budget variances and take corrective action where necessary.

Accounting Records

The Council shall maintain accounting records that:

- Accurately record all financial transactions.
- Are kept up to date.
- Comply with proper accounting practices.
- Support the preparation of statutory accounts and AGAR submissions.

Banking Arrangements

The Council shall:

- Hold all bank accounts in the name of the Council.
- Ensure banking arrangements are reviewed periodically.
- Maintain appropriate controls over online banking and electronic payments.

Bank Reconciliations

- Bank reconciliations shall be completed regularly.
- Reconciliations shall be reported to Council at least quarterly.
- Reconciliations shall be independently reviewed by a Member of the Council.

Income

The Council shall ensure that:

- All income is properly recorded.
- Income is banked promptly.

- Fees and charges are reviewed periodically.
- Grants and other funding are used for their intended purpose.

Payments

The Council shall ensure that:

- Expenditure is incurred only for lawful purposes.
- Payments are supported by appropriate invoices or documentation.
- Payments are approved in accordance with Financial Regulations.
- All electronic payments are subject to appropriate Member authorisation.
- Payment schedules are reported to Council.

5. Procurement

The Council shall:

- Follow its adopted Financial Regulations and procurement procedures.
- Seek quotations and tenders where required.
- Ensure value for money is achieved.
- Declare and manage conflicts of interest.
- Maintain transparency in procurement decisions.

6. Risk Management

The Council shall:

- Maintain a Risk Management Scheme and Risk Register.
- Review the Risk Register annually and whenever significant changes occur.
- Undertake risk assessments for projects, events and activities as appropriate.
- Ensure adequate insurance cover is maintained.
- Take appropriate action to mitigate identified risks.

7. Asset Management

The Council shall:

- Maintain an up-to-date Asset Register.
- Review the Asset Register annually.
- Ensure assets are adequately insured.
- Carry out periodic inspections of Council assets.
- Ensure assets are properly maintained.
- Require Council approval before any asset is disposed of.

8. Grants and Community Funding

Where grants are awarded, the Council shall:

- Operate a transparent grant application process.
- Ensure grants are awarded in accordance with Council policy.
- Monitor grant expenditure where appropriate.
- Record all grant decisions in Council minutes.

9. Internal Audit

The Council shall appoint an independent and competent Internal Auditor who shall review the adequacy and effectiveness of:

- Governance arrangements.
- Financial controls.
- Risk management processes.
- Compliance with legislation and Council policies.
- Accounting records and procedures.
- Asset management arrangements.

The appointment and effectiveness of the Internal Auditor shall be reviewed annually.

10. External Audit

The Council shall comply with all requirements relating to:

- The Annual Governance and Accountability Return (AGAR).
- The exercise of public rights.
- External audit requirements.
- Publication of statutory information.

Any recommendations arising from External Audit shall be considered by the Council and acted upon where appropriate.

11. Annual Review of Effectiveness

The Council shall undertake an annual review of the effectiveness of its internal control arrangements.

The review shall consider:

- Financial reports presented throughout the year.
- Budget monitoring information.
- Bank reconciliations.
- Risk management arrangements.
- Internal Audit reports.
- External Audit reports.
- Recommendations from auditors.
- Any significant governance, financial or operational issues arising during the year.

Any weaknesses identified shall be addressed through an agreed action plan