HALEBANK PARISH COUNCIL

INTERNAL CONTROL POLICY

ADOPTED 8 JUNE 2026

Introduction

Halebank Parish Council holds a responsibility under Regulation 5(1) of the Accounts and Audit Regulations 2015 to conduct an annual review of the effectiveness of internal control. The requirement is detailed in the legislation: Accounts and Audit Regulations 2015.

The effectiveness review of the Council's control system is based on contribution forms.

- The Council and relevant Committees (if applicable)
- The Clerk and Responsible Finance Officer (RFO)

This annual review supports accurate completion of Section 2 of the Annual Governance and Accountability Return (AGAR), affirming that "an adequate systems of internal control including measures designed to prevent and detect fraud and corruption, has been maintained and reviewed for its effectiveness.

Purpose and Scope

The purpose of this policy is to outline the Council's responsibilities and established processes for maintaining a reliable internal control system. This policy is designed to ensure that Council operations comply legal standards, that public funds are protected, and that resources are used economically and efficiently. The system of internal control is intended to manage risk at a reasonable level, supporting the Council's objectives while ensuring effective resource management.

Review of Adequate and Effective Systems

To maintain an adequate system of internal control, Halebank Parish Council adheres to regular review processes informed by:

- **Appointment of Key Officers:** Designation of the Clerk and Responsible Financial Officer (RFO) to oversee financial management.
- **Code of Conduct and Governance Documents:** Adoption of Code of Conduct for members, Standing Orders, and Financial Regulations.
- **Risk Management and Asset Control:** Implementation of a Financial and Management Risk Assessment, annual Asset Review, and accuracy verification.

- **Schedule Review:** Annual Review of internal controls.
- **Audit Management:** Review of annual audit arrangements and Terms of reference for Internal Auditor.
- **Public Fund Safeguards:** Establishment of safe and efficient systems to protect public money, regular examination of financial records, and proper protocols for expenditure approval.
- **Financial Procedure Compliance:** Adherence to financial control systems as outlined in financial regulations.
- **Payroll and Tax Compliance:** Verification of payroll calculations, regular employer submissions to HM Revenue and Customs, and completion of quarterly VAT returns, with the RFO ensuring timely compliance on VAT and tax matters.
- **Budget and Financial Monitoring:** Provision of regular budget monitoring statements to the Council, comparison and actual spending against forecast and review by Council members and officers.
- **Grant Scheme Oversight:** Establish procedures for monitoring the Council's Grant Scheme.
- **Records and Documentation:** Maintenance of property numbered minutes, safe storage of master copies and structured handling of documents, receipts, circulation, and filing.
- **Members Interests and Hospitality:** Procedures for recording and monitoring Member' Interests and Gifts and Hospitality received.

Terms of Reference for Internal Auditor

The purpose of the internal audit is to assess and report to Halebank Parish Council on the effectiveness of financial systems and other internal controls over Council activities and operating procedures. The internal audit provides independent, objectives assurance designed to support and improve the Council's operations.

- **Scope of Work:** The internal audit will focus on activities related to the Annual Internal Audit Report and help the Council fulfil its obligation under Section 1 of the Annual Governance and Accountability Return (AGAR). The work will be conducted following the requirements outlined in *Governance and Accountability for Local Councils – A Practitioners' Guide (England) and Accounts and Audit (England) Regulations 2015 (as amended)*

- ***Additional Work:*** *Any additional internal audit service, in relation to the council's obligations under the regulations, may be provided based on a separate agreement*.

- **Reporting:** The internal auditor will prepare a summary report detailing any areas of non-compliance for council review.
- Independence and Qualifications

   - The internal auditor will ensure that all audit staff are trained and qualified for their level or responsibility.
   - Independence will be maintained by avoiding any involvement in the Councils day-to-day activities.
   - The internal auditor will not provide any consulting or advisory services to the that may compromise audit independence.
- **Access to information and Officers:** Halebank Parish Council will provide timely access to all documents, as need for the audit, with reasonable notice. The Council will also ensure that access to relevant staff members is granted to facilitate the audit process.
- **Remuneration:** The audit fee will be based on a prior agreed rate. If additional audit work or services are requested, fees for thee will be agreed upon in advanced and invoiced accordingly.

Responsibility

Halebank Parish Council is responsible for ensuring that all Council activities comply with the law and maintain proper standards. The Council must ensure that public funds are safeguarded and properly accounted for, used economically, efficiently, and effectively. In fulfilling these responsibilities, The Council commits to a robust internal control system to manage risk and support the Council's functions.

Purpose of the Internal Control System

The system of internal control is designed to manage risks reasonably and cannot eliminate all risks associated with achieving policies, aims, and objectives. As such it offers reasonable rather than absolute assurance of effectiveness. The systems is an ongoing process that aims to identify and prioritise risks, assess the likelihood and impact of those risks, and manage them effectively within resource constraints.

This policy is subject to annual review to ensure it remains aligned with best practices and legal requirements.