

Easebourne Parish Council Internal Controls Policy

1. Purpose

This policy sets out the internal control framework adopted by Easebourne Parish Council to ensure:

- Effective financial management
- Protection of public funds
- Compliance with legislation and proper practices
- Transparency and accountability in decision-making
- Prevention and detection of fraud, error, or misuse of assets

The policy supports the Council's duty under the **Accounts and Audit Regulations 2015** to maintain an adequate and effective system of internal control.

2. Roles and Responsibilities

2.1 Full Council

- Approves the annual budget and precept
- Reviews and approves financial regulations, standing orders, and internal control policies
- Receives budget monitoring reports and year-end accounts
- Appoints the Internal Auditor and reviews their reports

2.2 Responsible Financial Officer (RFO)

- Manages day-to-day financial administration
- Ensures proper accounting records are maintained
- Prepares financial reports, budget monitoring, and year-end accounts
- Ensures compliance with legislation and financial regulations

2.3 Chair and Vice-Chair

- Provide oversight and support to the RFO
- Undertake periodic checks as set out in this policy

2.4 Internal Auditor

- Provides independent review of financial systems and controls
- Reports findings to the Council at least annually

3. Financial Controls

3.1 Budgeting

- Draft budget prepared by the RFO and reviewed by Council committees (where applicable)
- Final budget and precept approved by Full Council
- Budget monitoring reports presented at least quarterly

3.2 Banking and Payments

- Two authorised signatories required for all payments
- Signatories must not sign blank cheques or pre-approve payments without documentation
- Online banking payments require dual authorisation
- Payment lists presented to each Council meeting for approval and minuting

3.3 Invoices and Expenditure

- All invoices checked by the RFO for accuracy and validity
- VAT properly recorded and reclaimed

3.4 Payroll

- Staff salaries approved by Council
- PAYE and pension contributions processed correctly

4. Asset and Risk Controls

4.1 Asset Register

- Maintained by the RFO and reviewed annually
- Updated for acquisitions, disposals, and revaluations

4.2 Insurance

- Adequate insurance cover maintained for:
 - Public liability
 - Employer's liability
 - Fidelity guarantee
 - Property and assets
- Reviewed annually

4.3 Risk Management

- Annual review of the Council's Risk Assessment
- Controls implemented to mitigate identified risks
- Significant risks reported to Full Council

5. Transparency and Reporting Controls

5.1 Financial Reporting

- Monthly financial statements provided to Finance Committee
- Bank reconciliations reviewed and signed by the Chair of the Finance Committee
- Variances from budget reported to Finance Committee

5.2 Year-End Accounts

- Prepared by the RFO
- Reviewed by Internal Auditor
- Approved by Full Council
- Published in accordance with the Transparency Code

6. Internal Audit Controls

- Internal Auditor appointed annually
- Auditor must be independent and competent
- Audit scope includes:
 - Financial systems
 - Compliance with regulations
 - Risk management
 - Asset controls
- Audit findings reported to Full Council with an action plan

7. Anti-Fraud and Corruption Controls

- Segregation of duties wherever possible
- Councillors must declare interests and avoid conflicts
- Whistleblowing concerns reported to the Chair or Monitoring Officer
- Suspicious activity reported immediately to the Chair and Internal Auditor

8. Review of Internal Controls

- Policy reviewed annually by Full Council
- Amendments made where legislation or best practice changes
- Effectiveness of controls assessed as part of the Annual Governance Statement (AGS)

This Policy was adopted by Easebourne Parish Council on Wednesday 11th March 2026 and is due to be reviewed in March 2027.