



INTERNAL CONTROL PROCEDURE JUNE 2024 TO MAY 2025

1. INTRODUCTION

Internal control is part of the Council's corporate governance framework and covers areas such as strategic management, business development, project management, finance, etc. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and council policies/rulings are complied with and financial reporting is accurate and reliable.

As a first step towards developing a complete risk management and corporate governance framework the financial component of internal controls will be addressed and these are required to ensure council resources are used prudently and in an efficient, effective and economical manner. Examples of the types of activities addressed are: budgeting, management reporting, banking and contracting.

Financial internal controls are critical to effective risk management of a Council's operations and promote the achievement of its goals and objectives.

Siston Parish Council is committed to maintaining an effective Internal Control environment.

2. POLICY OBJECTIVES

The Council's objectives of this Policy are:

- a) Risks relating to the stewardship of public resources are adequately managed through effective internal controls.
- b) A framework for an effective internal control system which conveys to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the Council and to all employees that they are responsible for adhering to those internal controls.
- c) To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

3. LEGISLATIVE, CORPORATE POLICY AND STANDARDS REQUIREMENTS: Local Government Act 1999 -Sections 125, 126, 129 & 130 Local Government (Accountability Framework) Amendment Act 2009 – Schedule 1 cl. 2. Local Government (Financial Management) Regulations 2011 r14 (e)

4. POLICY STATEMENTS

4.1 Risk Management Approach

The Council will maintain an internal control framework, which will be based upon a proactive risk management culture. The types of risks identified in the framework will be those which may prevent council from meeting its objectives or not maximising its opportunities.

The first risk area covered by Council is financial management, for which internal controls will be identified, documented and managed. It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits of risk. The Council will develop a culture that emphasises integrity, ethical

values and competence

4.2 Roles and Responsibilities

The Council is responsible for approval of the Internal Control Policy and the Responsible Financial Officer (RFO) for developing and maintaining an internal control framework, which ensures Council objectives are achieved efficiently and effectively.

The RFO and Chairman of the Council must also sign the financial statements in regard to internal controls as required by Local Government (Financial Management) Regulations 2011 r14.

The Finance Committee must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls.

Council employees must conduct their duties in accordance with internal control policies procedures and practices of Council.

4.3 Elements of an Internal Control Framework

The essential elements of an effective internal control framework are: Structure and culture of Council; Delegations of Authority; Policies and procedures; Trained and properly qualified staff; Information Technology controls; Review process e.g. internal audit; Liaison with auditors and legal advisors; Senior Management compliance assurance; Risk identification and assessment.

4.4 The Risk Management Process

To establish effective risk management requires a thorough understanding of the goals and context of the Council to assist in establishing the assessment criteria for risk management.

Identify Risks – Identify the risks most likely to impact on the achievement of Council's objectives.

Analyse Risks – Assess effectiveness of risks in terms of likelihood and consequence to identify the current risk level.

Evaluate Risks – Determine whether the risks are acceptable or unacceptable and document findings.

Treat Risks – Treat risks by one of the following methods -discontinuing activity that generates it, reducing likelihood of occurrence, reducing consequence of occurrence, transfer the risk or retain the risk.

Consultation/Communication – These are important elements to ensure that staff and elected members are involved in the process.

Monitor/Review – RFO to be responsible for each internal control and provide feedback to the Finance Committee on progress with controls. The Finance Committee to monitor the effectiveness of risk and report to Council accordingly at regular intervals.

5. Review of Policy and Database of Internal Controls

The Council's Internal Control Policy will be reviewed regularly.

6. Availability of Policy

This Policy will be made available for inspection from the Council.

Adopted 16th May 2024

Review Date May 2025