



GLASTONBURY  
TOWN COUNCIL

# **Internal Controls Policy**

## **1. Scope of Responsibility**

The Accounts and Audit Regulations 2015 Part 2 Section 3 states:

*“A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk”.*

Glastonbury Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The council also has a duty under the Local Government Act 1999 Part 1 Section 3:

*“To make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.*

In discharging this overall responsibility, the Council is responsible for establishing and maintaining appropriate risk management processes, governance arrangements, and control systems (including operational procedures) which facilitate the effective exercise of its functions.

## **2. Purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realized, and to manage those risks efficiently, effectively and economically.

## **3. The internal control environment**

The key elements of the Council's internal control environment include:

- *Standing Orders and Financial Regulations and Internal Financial Controls*, which establish arrangements for policy setting and decision making, and the delegation of powers to members and officers under a committee structure;
- An established planning process, which sets clear objectives and targets and reconciles policy priorities with financial resources;
- The inclusion within the planning process of risk assessments and a clear statement of the ways in which identified risks will be managed, as incorporated within the *Risk Management Strategy*;

- A system of regular monitoring and reporting of the Council's performance against its plans;
- Established budget setting and budgetary management systems, ensuring the economic, effective and efficient use of resources, and regular reporting of financial performance to officers and members;
- A structure of centrally monitored devolved financial management that promotes management of the Council's finances at the appropriate organisational level.
- Comprehensive codes of conduct that set out clear expectations for standards of behaviour, as contained within the *Members Code of Conduct* and *Member and Employee Protocol*;
- Effective arrangements for dealing with complaints as contained within the *Complaints Procedure* and whistle-blowing as contained within the *Whistle Blowing Policy*, and for combating fraud and corruption;
- A well-regarded internal audit service that works with officers to assess and develop the control environment, which supports management's assessment of compliance with established policies, procedures, laws and regulations, and which reports to the Finance and Governance Committee.
- The Clerk to the Council is responsible for day to day compliance with laws and regulations that the Council is subject to, for managing risks and for ensuring that Council's procedures, control systems and policies are maintained, and for ensuring compliance with the *Code of Corporate Governance*.

#### **4. Review of effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control and of the system of internal audit. The review of the effectiveness of the system of internal audit. The review of the effectiveness of the system of internal control is informed by the work of the internal auditor and managers within the Council, and also by comments made by external auditors in their annual audit letter.

Wherever the review of effectiveness highlights the requirement for an update to any of the Council's policies, these will be reflected in the review of those policies. This Internal Controls Policy will be similarly updated as appropriate.