



## **THORNE MOORENDS TOWN COUNCIL**

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### **Risk Management and Internal Control Policy**

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## **1. RESPONSIBILITY**

The Accounts and Audit Regulations 2015 require Councils to have a sound system of internal control which:

- a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives,
- b) Ensures that the financial and operational management of the authority is effective and,
- c) Includes effective arrangements for the management of risk.

Councils are also required to undertake an effective internal audit, to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance.

Each financial year, an authority must conduct a review of the effectiveness of its system of internal control, prior to completion of the annual governance statement.

This requirement is reflected in the Town Council's Financial Regulations at para 1.

## **2. PURPOSE OF STATEMENT**

The purpose of the Risk Management and Internal Control Policy is to evidence that risks are being managed to a reasonable level. It cannot provide an absolute assurance of effectiveness but through its ongoing review, will identify and prioritise potential risks and the measures required to minimise these. Risks may be strategic, operational, financial or in respect of compliance.

The Town Council's policy on risk management is as follows:

Thorne Moorends Town Council recognises that it has a responsibility to manage risks effectively in order to protect its employees, assets, liabilities and community against potential losses, to minimise uncertainty in achieving its aims and to maximise opportunities to achieve its vision and objectives.

The Risk Management and Internal Control Statement will be reviewed annually by the Town Council's or its appropriate Committee.

## **3. ROLES**

Risk management is embedded in the day-to-day culture and operation of the Town Council and the responsibility rests with the Town Council. The primary role of elected Members is in setting both budget and policy, such that day to day operational decisions may be made by the Town Clerk and staff.

The Town Council is responsible for ensuring compliance with Town Council policies and legislative responsibilities and to set the annual budget. Any appropriate committee set up to manage the finances of the Town Council will be responsible for scrutinising and approving proposed expenditure beyond delegated limits, monitoring budgets, assessing risks and making decisions, accordingly, provided this responsibility is named in the terms of reference for such committee. If such committee is not created, the sole responsibility of these tasks remains that of Full Council. Bank signatories are to be reviewed annually.

The Responsible Financial Officer will provide advice to the Council/Committee(s) on matters of compliance, to oversee budgetary planning and control, to ensure compliance with policies and legislative requirements, to authorise expenditure in accordance with Financial Regulations.

The Council, any Committees, Councillors, and staff (where delegated powers have been approved) will be responsible for ensuring best value, authorising expenditure within agreed budget lines and parameters, and for ensuring that policies and procedures are followed.

#### **4. INTERNAL CONTROL**

Internal control is the range of policies, procedures and other arrangements designed to safeguard the assets of the Town Council and to reduce the potential for losses through fraud or error.

As a Town Council, the Town Council has no constitution as such, but has policies in place, its two key governing documents are its Standing Orders and Financial Regulations. These documents are primarily based on the models issued by the National Association of Local Councils and are reviewed annually,

#### **5. FINANCIAL CONTROL**

A significant number of policies and procedures govern the financial arrangements of the Town Council, as set out in the Financial Regulations. Policies are reviewed and endorsed by Council and implemented by Officers.

In setting the annual budget, any committee(s) and Full Council have a responsibility to review, evaluate and approve budget recommendations. In approving the final budget, authorisation is given for expenditure according to the constraints and procedures set out in Financial Regulations.

As a larger Town Council, it is essential that authority be delegated to a number of functions in order to ensure operational effectiveness on a day-to-day basis. The different roles and responsibilities of all involved, from Full Council to any Committee (if so created) to cheque signatories and to a number of officers.

The roles of Town Clerk and Responsible Financial Officer have now been divided into two separate roles, this creates stronger internal control, both separate Officers are supported in their roles by the Office Manager.

By way of ongoing scrutiny, the Full Council/any appropriate Committee(s) will receive a quarterly budget monitoring report throughout the year, at least quarterly, the purpose of monitoring reports is to provide assurance and further checks and balances.

## **6. FINANCIAL RISK MANAGEMENT**

The Town Council manages financial risks by creating and reviewing its financial risk assessment, employing two officers to act as Town Clerk and Responsible Financial Officer, the employment of an independent internal auditor to carry out an annual internal audit and one interim internal audit within each financial year, and through the process of an annual external audit.

## **7. INTERNAL AUDIT**

The Town Council appoints an Internal Auditor and will receive two reports each year, an interim report, and an end of year report. The Internal Auditor has access to all documentation and undertakes some work remotely and some from within the office.

The internal audit reports will include an assessment on accounting arrangements, bank reconciliations, corporate governance, expenditure, risk assessment/management, budgetary control, investments and reserves and review of income, petty cash, and salaries.

The Internal Auditor is independent and fulfils no other role within the Town Council.

Any recommendations made in the internal audit reports will be brought to the attention of the Council/appropriate Committee.

## **8. EXTERNAL AUDIT**

The external auditor is appointed for the Town Council and submits an annual External Auditor's Report to Council. Any matters raised on the Annual Return statement are reviewed by Council with any necessary actions duly minuted for implementation.

## **9. BUSINESS CONTINUITY**

The Town Council will prepare a Business Continuity Plan for its primary office site. This will be reviewed and updated on an annual basis.

## **10. ASSETS**

The Town Council will maintain an Asset Register which is updated on an ongoing basis and will be reviewed by the Full Council/appropriate Committee annually.

## **11. INSURANCE**

The Town Council will review its insurance arrangements to ensure best value and best protection. Insurance policies cover physical assets, public liability, employee liability and includes a fidelity guarantee (indemnity to an organisation against any monetary loss sustained as a result of an act of fraud or dishonesty committed by their employees).

## **12. EMPLOYEES**

The Town Council has in place a suite of policies and procedures relating to employees, including a Grievance Policy, Disciplinary Policy, Dignity at Work Policy and Equality and Diversity Policy.

The Town Council retains the services of a qualified Human Resources provider to safeguard against issues arising from disputes with employees.

The Town Council operates a policy of encouraging ongoing training and personal development in order to meet targets, maximise effectiveness and to build ongoing job satisfaction.

### **13. COUNCILLORS**

The Town Council operates a policy of encouraging ongoing training for Councillors in order to increase understanding and awareness, improve effectiveness, ensure compliance with legislative requirements and to increase role satisfaction.

The Town Council has in place a suite of policies and procedures to guide and safeguard Councillors including the Code of Conduct and Declaration of Interests. In addition to the requirement to submit a Register of Interests, the declaration of interests is an agenda item for every Town Council meeting and is included in the minutes as a matter of public record.

### **14. FINANCIAL MANAGEMENT FULL COUNCIL**

The Council as a corporate body is responsible for controlling expenditure through the setting of the annual budget and ensuring that an adequate system of internal control is in place.

The Full Council is responsible for setting the annual budget, determining the precept, approving the year end accounts, writing off bad debits and authorising the purchase or disposal of land, authorising capital expenditure and approving the taking of any loans – these tasks can not be delegated.

Date of policy: October 2022

Approved by: Full Council

Date of meeting: 15<sup>th</sup> November 2022

Date for next review: Prior to November 2023