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MINUTES OF THE FINANCE AND INERNAL CONTROL COMMITTEE MEETING
HELD AT THE VILLAGE HALL (CHAMBER)
ON TUESDAY 4TH AUGUST 2026 AT 5.00PM

Present:
Councillor J Jemmett (Chairman)
Councillor R Cook
Councillor M Jackson
Councillor B Lynham
Clerk

26/F1. Apologies for Absence
None.

26/F2. Declarations of Interest
None.

26/F3. Public Participation session
None present.

26/F4. Purpose, Scope and Working Arrangements of the Committee
(a) The role of the committee was discussed and its scope of responsibility and reporting arrangements were covered in the remainder of the meeting.
(b) Following amendment, **it was resolved** to approve the Terms of Reference for recommendation to full Council. See Appendix 1.

26/F5. Financial Monitoring
(a) The Quarter 1 bank reconciliations were received. Councillor Jemmett to review and sign off.
(b) The submission of the Quarter 1 VAT return of £6,186.21 was noted.
(c) The Quarter 1 income and expenditure against budget was not reviewed. The Committee requested that forecasting be used. The mid-year budget review will take place in September.
(d) Councillor Lynham was appointed as the Committee's Internal Control Advisor. He will look at one process per month as part of his internal control monitoring role, starting with April's bank reconciliations and statements. Councillor Jemmett will continue to review and sign off bank reconciliations.

26/F6. Internal Control
Following amendment, **it was resolved** to approve the Statement of Internal Control for recommendation to full Council. See Appendix 2.

26/F7. Committee Work Programme
It was resolved to set the committee's work programme as follows:
- Monthly bank reconciliations
- Monthly budget monitoring

- Monthly review of a specific Internal Control process
- Mid-year budget review
- Ongoing review of earmarked reserves. The reserves are currently under review and Councillor Jemmett will provide the RFO with information on the EMR levels and expenditure from previous financial years
- Quarterly review of investments and banking arrangements
- Bi-annual review of Financial Regulations
- Bi-annual review of the asset register
- Bi-annual review of insurance
- Annual review of Risk Management
- Internal Audit recommendations and action tracking.

26/F8. Date of Next Meeting

The date of the next meeting is provisionally set for Tuesday 8th September at 5pm.

Meeting closed at 6.20pm

Appendix 1

Earls Colne Parish Council
Finance and Internal Controls Committee – Terms of Reference

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1. Purpose
To oversee the financial management, budgeting, internal controls, risk management and governance arrangements of the Council to ensure sound and accountable use of public funds.

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2. Membership and Structure

- The Committee shall comprise 6 members of the Council, appointed at the Annual Parish Council Meeting, or when a vacancy occurs.
- The Clerk/RFO shall attend all meetings in an advisory (non-voting) capacity.
- A quorum shall be 3 members.
- The Chairman of the Committee shall be elected by the Committee at its first meeting each civic year.

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3. Meetings

- The Committee shall meet at least quarterly, with additional meetings scheduled as needed, particularly for budget preparation and year-end close.
- The Clerk/RFO may request an extraordinary meeting if necessary.
- Meetings shall be open to the public unless confidential or exempt information is being discussed.

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4. Responsibilities
The Committee shall be responsible for:
Financial Oversight

- Monitoring income and expenditure against the approved budget.
- Reviewing financial reports and recommending virements (budget reallocations) where necessary.
- Scrutinising monthly/quarterly bank reconciliations.
- Reviewing reserves and ensuring they are adequate and appropriately allocated.

Budgeting and Precept

- Leading the preparation of the annual budget in consultation with the Clerk/RFO.
- Recommending the annual budget and precept to Full Council for approval.
- Reviewing medium-term financial forecasts where appropriate.

Internal Control and Audit

- Reviewing the effectiveness of all internal controls on a monthly basis, and recommending improvements.
- Receiving and reviewing reports from the Internal Auditor, and ensuring actions are implemented.
- Monitoring the status of any audit recommendations (internal or external).
- Recommending appointment/reappointment of the Internal Auditor annually.

Risk Management

- Reviewing and maintaining the Council's Risk Register.
- Ensuring that appropriate insurance cover is in place for assets, public liability, employers' liability, and fidelity guarantees.
- Overseeing asset management and register accuracy.

Policies and Governance

- Reviewing and recommending the Council's:
    - Financial Regulations
    - Investment Strategy (if applicable)
    - Reserves Policy
- Ensuring compliance with statutory and regulatory obligations (e.g., VAT, PAYE, transparency code).

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5. Delegated Authority

The Committee has delegated authority from Full Council to:

- Approve expenditure within the approved budget up to a limit of £2,000 per item.
- Make virement decisions between budget headings up to **£X** , notifying Full Council retrospectively.
- Approve banking arrangements and make recommendations on investments.
- Recommend appointment of the Internal Auditor.
- Approve grant applications made under an agreed grants policy and budget allocation.
- Commission professional advice or financial services within agreed budget limits.

Note: Any recommendations with budget implications beyond approved levels must be referred to Full Council.

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6. Reporting

- The Committee will report to Full Council through formal minutes and, where required, make recommendations for resolution.
- A year-end financial summary and budget proposal will be presented to Full Council for approval annually.

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7. Review

- These Terms of Reference shall be reviewed annually by the Committee and reapproved at the Annual Parish Council Meeting or earlier if circumstances require.

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8. Confidentiality

- Where financial matters involve commercially sensitive or personal information (e.g. contracts, staffing costs), these will be discussed in confidential session, excluding the press and public.

Appendix 2

EARLS COLNE PARISH COUNCIL

STATEMENT OF INTERNAL CONTROL (2026)

Introduction

Earls Colne Parish Council ('the Council') is responsible for ensuring that its financial business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
The Council is also responsible for maintaining a sound system of internal control which supports the effective exercise of its functions and arrangements for the management of risk.
The Council reviews the effectiveness of its systems of internal control annually, informed by the work of the Internal Auditor, the Council as a corporate body, and comments made by internal and external auditors.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk.
The system is designed to:

- Identify and prioritise risks to the achievement of Council objectives
- Evaluate the likelihood and impact of risks
- Manage risks efficiently, effectively and economically

The system of internal control accords with the Joint Panel on Accountability and Governance Practitioners' Guide (2026 edition).

The Internal Control Environment

The Council:

- Has adopted Standing Orders and Financial Regulations
- Receives budget monitoring reports monthly except during AGAR and budget-setting periods
- Carries out a formal mid-year budget review at the September meeting
- Discusses the following year's budget at the December meeting
- Determines the budget and precept at the January meeting
- Approves a payment list at each ordinary Council meeting
- Maintains and reviews risk assessments and policies regularly
- Receives reports from Internal and External Auditors
- Receives recommendations from the Finance and Internal Controls Committee to support the monitoring and review of financial management, internal controls, budgeting, value for money, project review above £1,000 spend and risk management arrangements

The Clerk / Responsible Financial Officer (RFO):

- Acts as the Council's principal advisor and administrator
- Administers the Council's finances
- Prepares regular financial monitoring information
- Determines and maintains accounting records and control systems
- Ensures compliance with legislation and Financial Regulations

Payments and Banking Controls

- Invoices are uploaded to a secure SharePoint folder for Member review
- Councillor signatories verify invoices before payment

- A payment list is presented to Council monthly for approval
- Following approval, the RFO sets up payments through the banking system
- Two approved bank signatories authorise payments
- Regular payments and direct debits are reviewed periodically

Risk Management

- The Council maintains a Risk Matrix and reviews controls regularly
- Risk assessments are reviewed at least annually
- Appropriate insurance cover is maintained
- Specialist advice is obtained where necessary

Internal Audit

The Council appoints an independent and competent Internal Auditor who reports annually on the adequacy of records, procedures, systems and internal controls.

- Internal audit reports are presented to Council
- Recommendations are monitored and implemented where appropriate
- The effectiveness of internal audit is reviewed annually

External Audit

- The AGAR is considered and approved annually by the Council
- The External Auditor's report is presented to Council
- Recommendations arising from audit are considered and actioned

Review of Effectiveness

The Council reviews the effectiveness of internal control on an ongoing basis and reviews the Internal Statement of Control annually. The review is informed by:

- The work of the Council as a corporate body
- The Clerk / Responsible Financial Officer
- The Internal Auditor
- The External Auditor
- Finance and Internal Controls Committee