

PEMBURY PARISH COUNCIL

Working for Pembury People



Risk Assessment of Financial and Non- Financial Internal Audit Controls

Approved 03/02/2020

Document Review Plans

This document will be reviewed and updated, if necessary, as defined below:

- Following an annual review
- Following any legislative changes which impact these controls
- Following changes in guidance made by the National Association of Local Councils (NALC) or other relevant bodies

How to find this document

The latest version of this document is available to view on the Council website www.pemburyparishcouncil.gov.uk.

Contents

Document Overview	4
Purpose.....	4
How to use this document	4
Background	4
Scope	4
Glossary.....	4
Governance.....	5
Standing Orders	5
Financial Regulations	5
Freedom of Information	5
Complaints Procedure	5
Measures to prevent fraud and corruption	5
Insurable risks	5
GDPR.....	6
Employment Controls.....	6
Insurable risks	6
External Audit annual governance statement requirements.....	6
Other guidance / controls	6
Financial Controls.....	7
Proper Bookkeeping	7
Payment Controls	7
Budgetary Controls.....	7
Payroll Controls.....	7
Chairman’s Allowance	8
Expenses Controls	8
Petty Cash Controls	8
Bank Reconciliation.....	8
Year End procedures.....	8

Asset Controls.....	8
Asset control - insurable risks	8
Meetings	9
Communications – Mandatory	9
Annual Report.....	9
Accounts	9
Clerk’s Contract Terms and Conditions	9

Document Overview

Purpose

This document is designed to ensure the Parish Council meets its requirements to*:

- maintain an adequate system of internal control including measures to prevent and detect fraud and corruption and to review its effectiveness;
- assure members there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the council to conduct its business or on its finances;
- carry out an assessment of risks facing the council and demonstrate how these are managed including appropriate internal controls;
- maintain an adequate and effective system of internal audit of the council's accounting records and control systems and review their effectiveness.

*Reference Governance and Accountability for Local Councils A Practitioner's Guide 2010 (England)

How to use this document

This document should be used to understand:

- the internal governance controls;
- the various types of identified risks together with potential for improvements;
- any actions identified to mitigate risks and/or improve internal controls.

Background

Pembury Parish Council is committed to improving, wherever possible, its service to the Parish. As part of this commitment the Council has performed an assessment of its governance procedures identifying areas where it believes improvements can be made and risks mitigated or eliminated.

Scope

This document covers the following:

- Governance
- Financial Controls
- External Audit Governance

Glossary

Abbreviation	Description
NALC	National Association of Local Councils
NIC	National Insurance Contributions
PAYE	Pay As You Earn – income tax
RFO	Responsible Financial Officer
SLCC	Society of Local Council Clerks
TWBC	Tunbridge Wells Borough Council
VAT	Value Added Tax

	Internal Controls	Risks identified / potential for improvements	Action required
1.	Governance		
1.1.	Standing Orders		
1.1.1.	Standing Orders have been adopted setting out the Council's constitution and procedures. They are reviewed at least annually. New Standing Orders adopted 3 December 2018.	Review annually.	Next Review due May 2020.
1.2.	Financial Regulations		
1.2.1.	The Clerk is appointed Responsible Financial Officer, with the duties detailed in the Financial regulations.		
1.2.2.	Financial Regulations have been adopted which set out procedures. They are reviewed at least annually. New Regulations adopted 14 May 2018.	Review annually.	Next Review due May 2020.
1.3.	Freedom of Information		
1.3.1.	The Council has adopted the revised Model Publication Scheme at Full Council 13 May 2019.	Review annually.	Next Review due May 2020.
1.4.	Complaints Procedure		
1.4.1.	The Council has a complaints procedure last reviewed at Full Council 2 September 2019.	Review annually.	Next Review due May 2020.
1.5.	Measures to prevent fraud and corruption		
1.5.1.	The Council has adopted a Code of Conduct on 23 rd July 2012.	Reviewed on 06/11/2017.	Next Review due July 2020.
1.5.2.	All Councillors sign a Declaration of Acceptance of Office on election or co-option.		
1.5.3.	All Councillors complete a Register of Interests and provide updated information as appropriate. Copies are held with the Council and TWBC Monitoring Officer.		
1.5.4.	There is an agenda item for Councillor Declaration of Interests on Committee and Full Council agendas		
1.6.	Insurable risks		
1.6.1.	Fidelity Guarantee insurance cover is held in the sum of £200,000 to cover employee fraud and dishonesty. Policy 24414511CHC.	Review annually.	Increase in 2020 to cover increased precept
1.6.2.	Public Liability insurance is held in the sum of £10 million to protect the Council from claims by third parties due to accident of damage resulting from the negligence of the Council. Policy 24414511CHC.	Review annually.	

	Internal Controls	Risks identified / potential for improvements	Action required
1.7.	GDPR		
1.7.1.	Independent Data Protection Officer appointed, and review of systems and procedures undertaken.	Review annually.	Next Review due May 2020.
1.7.2.	Privacy Notices, policies and procedures publicized on the website.	Review annually.	Next Review due July 2020.
1.8.	Employment Controls		
1.8.1.	The Council has 5 permanent employees and 1 seasonal employee, all with contracts of employment and job descriptions. Salaries and conditions reviewed annually.		
1.9.	Insurable risks		
1.9.1.	Employers Liability insurance held in the sum of £10 million. Policy 24414511CHC.	Review annually.	
1.10.	External Audit annual governance statement requirements.		
1.10.1.	Statement of accounts formally approved by Full Council.		
1.10.2.	System of internal controls maintained, and its effectiveness reviewed using this document.	Review annually.	Next Review due April 2020.
1.10.3.	Council only does things it has legal power to do.		
1.10.4.	Notice of audit displayed on parish notice board and website to allow electors to inspect accounts as required by Accounts and Audit Regs. Statutory timescales adhered to.		
1.10.5.	Financial and other risks are considered and dealt with using this document as a basis for action, new issues are dealt with during the year as necessary. Risk assessment documents comprise: <ul style="list-style-type: none"> • This document • Financial risk assessments • Review of effectiveness of internal audit • Asset Register • Other risk assessments • RoSPA annual reports • Weekly visual inspections of the playground. 	Review annually.	Next Review due March 2020.
1.10.6.	Appropriate steps are taken to deal with matters raised in reports from the internal and external auditor through agenda items on the Finance and HR Committee.		
1.11.	Other guidance / controls		
1.11.1.	Health and Safety policy adopted 6 November 2017.		Next Review due November 2020.

	Internal Controls	Risks identified / potential for improvements	Action required
1.11.2.	Equality and Diversity policy adopted 5 February 2018.		Next review due July 2020.
1.11.3.	Lone working policy adopted 14 May 2018.		Next Review due October 2020.
1.11.4.	Protection of Child / Vulnerable Adults policy adopted on 22 July 2019.	Review annually	Review due July 2020.
2.	Financial Controls		
2.1.	Proper Bookkeeping		
2.1.1.	Cashbook is maintained using Sage 50 accounts software which is updated regularly. Daily off-site backups are taken.		
2.1.2.	The cash book is balanced against bank statements to ensure arithmetically correct on a monthly basis.	.	
2.1.3.	The Chair of the Finance and HR Committee authorises the bank reconciliations against the bank statements for all bank accounts on a monthly basis.	Consider another member checking the bank reconciliations periodically	
2.1.4.	A list of receipts is presented to Full Council on a quarterly basis and recorded in the minutes.		
2.2.	Payment Controls		
2.2.1.	A list of payments is prepared for the monthly, Full Council meeting for approval and recorded in the minutes. BACs payments are submitted by an officer and approved by 2 councillor signatories. Cheques are signed by any 3 signatories (to include at least 2 councillors) and the stubs initialled.	Review annually.	
2.2.2.	VAT payments are made on proper VAT tax invoices showing registration no. Quarterly reclaims are made through the online system.		
2.3.	Budgetary Controls		
2.3.1.	Committees prepare their own "wish lists" for the year which are included in the draft budget. The Council precept is approved by Full Council on advice from the Finance and HR Committee in December.		
2.3.2.	The RFO presents an income and expenditure update to each Finance and HR Committee meeting. Quarterly income and expenditure updates are presented to Full Council.		
2.4.	Payroll Controls		
2.4.1.	Annual salary reviews undertaken and minuted.		

	Internal Controls	Risks identified / potential for improvements	Action required
2.4.2.	Monthly payroll prepared by Deputy Clerk and reviewed by a councillor.		
2.4.3.	PAYE/NIC is paid monthly to HMRC. Real time returns made online using Sage Payroll.		
2.5.	Chairman's Allowance		
2.5.1.	This is no longer used.		
2.6.	Expenses Controls		
2.6.1.	The Clerk and Deputy Clerk are paid expenses for official mileage at the SLCC approved rate of 52p per mile.		
2.6.2.	Councillors are paid expenses for mileage to training events only at 45p per mile.		
2.6.3.	Councillors will be reimbursed for Council approved expenses on production of a receipt.		
2.7.	Petty Cash Controls		
2.7.1.	Receipts are required for all spending and recipients sign for receipt of the money.		
2.7.2.	Monthly analysis and reviews of spending are undertaken.		
2.8.	Bank Reconciliation		
2.8.1.	All bank accounts are reconciled monthly by the RFO and checked by the Chair of FHR Committee.	Consider occasional approval by another member of FHR	
2.9.	Year End procedures		
2.9.1.	An audit trail is provided by the Sage 50 accounts system.		
2.10.	Asset Controls		
2.10.1.	An asset register is held with insurance values calculation.		
2.11.	Asset control - insurable risks		
2.11.1.	Finance Regs provide for the RFO to affect all insurance following an annual risk assessment		
2.11.2.	Annual risk assessment reviewed and updated in respect of assets		Next review due in February 2020.
2.11.3.	List of assets maintained and updated during the year; insurance cover extended for new acquisitions when appropriate. Copy presented to Councillors with annual statement of accounts.		Next review due in May 2020.
2.11.4.	Assets covered by Material damage and All risks cover. Policy 24414511CHC. Review prior to renewal of policy.	Review annually.	Next Review due March 2020.
2.11.5.	Insurance provider reviewed from time to time for competitive pricing. Full review		Next review due for April 2021 renewal.

	Internal Controls	Risks identified / potential for improvements	Action required
	undertaken for April 2018 renewal. New 3-year deal entered into with Came & Co.		
3.	Meetings		
3.1.	Communications – Mandatory		
3.1.1.	The Council has a website that is regularly updated.	The Communications & Events Committee to audit the website annually.	
3.1.2.	The Council has an email address that is widely publicised on the Council's website and newsletters.	Possible GDPR issues as personal emails are used	Consider using separate email addresses for council business
3.1.3.	A quarterly newsletter is delivered by hand to every household.		
3.1.4.	Parish Council information is placed on the parish noticeboard and website.		
3.1.5.	Working Groups have now become Committees to ensure transparency in decision making.	Ensure Terms of Reference are appropriate and reviewed regularly.	Next Review due May 2020.
3.2.	Annual Report		
3.2.1.	The annual report is completed and published by 30 th June of the following year, is available to any elector, publicised on the council's website and delivered to every household with the Parish newsletter.		
3.3.	Accounts		
3.3.1.	Accounts are prepared in accordance with statutory requirements, approved within three months of the accounting date and published within six months and available to the electorate.		
3.4.	Clerk's Contract Terms and Conditions		
3.4.1.	The Council has adopted NALC/SLCC Terms and conditions for the Clerk and the contract of employment is signed.		