



Drayton Parish Council

Internal Audit Controls

April 2022

Document Owner: Parish Clerk

Reviewed by Governance 17 March 2022

Next scheduled review due Feb 2023

Notification List

People who must be informed of changes

Position/Function:
All Parish Councillors

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 will be available to view on the Council website and will be keep on the Council's cloud storage.

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
- 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 (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

Drayton 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

Internal / External Audit Governance

Local Council Award Scheme* (where applicable)

*The Parish Council has not participated in the Local Council Award Scheme but where guidance is sought for a particular subject, the standards required for the scheme's foundation status will be considered as a benchmark to observe.

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	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 every four years.	Reviewed annually	None.
1.1.2	Committee terms of reference are reviewed at least annually.	Reviewed every year and approved by full council.	Review by full Council every year and at any subsequent changes. Terms tend to be of advisory nature. Consideration should be given to providing committees with greater powers.
1.2	Management strategies		
1.2.2	A Strategic Plan is required to be reviewed annually for the minimum period of that council.	Plan in place. Plan referenced to projects within Neighbourhood Plan and allocated to Committee for action.	Working Group set up to produce plan. Plan produced and being actioned by Committees.

1.2.3	Committees have identified and adopted key objectives	Issues to be raised and discussed within SP production.	Working party established to consider requirements for a Strategic Plan.
1.3	Financial Regulations		
1.3.1	The Clerk is appointed Responsible Financial Officer, with the duties detailed in Financial Regulations.	Regular training needs to be undertaken to ensure compliance with regulations. CPD to be maintained as expected as CiLCA qualified clerk.	Attend regular training. Maintain CPD / training records.
1.3.2	Finance Regulations have been adopted which set out procedures. They are reviewed annually.	Last reviewed February 2022. Annual review takes place. Next review March 2023.	Annual review

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
1.4	Freedom of Information		
1.4.1	The Council has adopted the revised Model Publication Scheme at Full Council	Model Publication Scheme adopted May 2021.	To be reviewed at Full Council meeting May 2024.
1.5	Complaints Procedure		
1.5.1	The Council has a complaints procedure	Needs review. Consider setting up of complaints register.	Given very low level of complaints register is not consider necessary. Review when necessary.
1.6	Measures to prevent fraud and corruption		
1.6.1	The Council has adopted the NALC Model Code of Conduct.	Code of conduct in place	Code of Conduct introduced in May 2021.

1.6.2	All Councillors sign a Declaration of Acceptance of Office on election or co-option	All in place.
1.6.3	All Councillors complete a Register of Interests and provide updated information as appropriate. Copies are held with the Council and BDC election services.	All in place. Reminders needed that this is a member's responsibility.
1.6.4	There is an agenda item for Councillor Declaration of Interests on Committee and Full Council agendas	In Place

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
1.7	Insurable risks		
1.7.2	Public Liability insurance is held in the sum of £10 million to protect the Council from claims by third parties due to accident or damage resulting from the negligence of the Council.	This is £5 million more than the minimum cover for local authorities Annual Review	Annual Review
1.8	Employment controls		
1.8.1	Clerk, Finance Assistant and Maintenance Operative (MO) all have contracts. Clerk & MO is employed on model NJC contract.	All contracts in place.	Review underway.
1.8.2	Standing Orders, Financial Regulations and job description outline Clerk's role which includes that of Responsible Financial Officer		None

1.9	Insurable risks		
1.9.1	Employers Liability insurance (this is the only insurance the PC is required to hold through legislation. ELI covers the legal liability of the Parish Council for negligence following death or bodily injury or disease sustained by employees during and arising out of or in the course of their employment, including Corporate Manslaughter and Homicide) held in the sum of £10 million	In Place	None
1.10	External Audit annual governance statement requirements		
1.10.1	Statement of accounts formally approved by Council	In place usually at Annual Parish Council meeting or following meeting.	None

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
1.10.2	Council only undertakes things it has legal power to do and works within appropriate standards and codes of practise which could have a significant effect on the ability of the Council to conduct its business or on its finances	General Power of Competence adopted. Review in normal election year of 2023.	None.
1.10.3	Notice of audit displayed to allow electors to inspect accounts as required by Regulations.	In place.	None
1.10.4	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:	Develop procedures for risk assessing new and changed activities. LCRS software now applied as major risk assessment	Consider undertaking risk assessments for all new activities when there arise.

	<p>This document</p> <p>Annual asset risk assessments carried out for list of assets</p>		
1.10.5	<p>Appropriate steps are taken to deal with matters raised in reports from the internal and external auditor through agenda items.</p>	<p>Referred to Governance committee for recommendation to Full Council.</p>	<p>None</p>
1.10.6	<p>Litigation, liabilities, commitments, events or transactions occurring after the year end which could have an impact on the Council are disclosed.</p>		<p>None</p>

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
1.10.7	Policies	A schedule of policies is produced and renewal dates noted for inclusion on agendas. (See appendix 1)	Annual review
2	Financial controls		
2.1	Proper Bookkeeping		
2.1.1	Cashbook is maintained using computer system (Scribe 2000) Software it is updated regularly. Data is accessed via Scribe's website. Data backed up automatically online.	Internal Control checks regularly undertaken. Internal Audit checks undertaken, usually in October and April each year.	All systems in place are adequate.
2.1.2	The cash book is balanced against bank statements to		All systems in place are adequate

	ensure arithmetically correct on a monthly basis (bank reconciliation)		
2.2	Payment Controls		
2.2.1	<p>A list of payments and receipts (accounts) are prepared for the monthly full council meeting for approval. The councillors approve the lists, and this is recorded in the minutes.</p> <p>Payments are prepared and the cheque signatories check payment details against the invoice (voucher) and initial. The cheques are signed by 2 signatories and the cheque book stubs are initialled. Online banking allows release by 2 Councillors only (not staff) for payments.</p>	Process changed slightly due to Covid 19 restrictions. The majority of payments made by BACS.	None – likely to return to usual practices once Pandemic is over.
2.2.2	VAT is reclaimed using HMRC port via Scribe.	Council are fully VAT registered.	Return completed online quarterly.

2.2.3	S.137 payments are shown in a separate column on the accounting system. The calculation of the formula level is noted in the Statement of Accounts.	Not applicable – General Power of Competence adopted.	None

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2.3	Budgetary Controls		
2.3.1	The Council sets a budget which is approved by full council in either December or January.	Committee budgets prepared throughout the year as items are actioned. Committee budgets fed into full budget.	None
2.3.2	Clerk/ RFO presents a quarterly income and expenditure update to the Governance committee highlighting budget variance.	3 Monthly review	All in place.
2.4	Income Controls		
2.4.1	All income is maintained on Scribe.	All income regularly paid into bank.	None

2.4.2	BDC issues a remittance advice which confirms the Precept, CIL or Section 106 Agreement income is paid directly into the Council's deposit bank a/c		None
2.5	Petty Cash Procedures		
2.5.1	Petty Cash – The Council does not hold Petty Cash. If this decision is reversed the Imprest system will be adopted.	Petty cash has been removed.	None
2.6	Payroll Controls		
2.6.2	All members of staff are eligible to be paid expenses for any authorised official mileage.	Claims paid via expenses claim. New recording procedures in place to meet HMRC guidelines.	None
2.6.3	PAYE/NIC is paid monthly to the Inland Revenue	HMRC PAYE basic tools software is used	All systems are working well.

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2.6.4	Pension payments are made monthly to Norfolk Pension Fund in accordance with current rates provided.	Payment is made by BACS	None.
2.7	Councillor Allowances		
2.7.1	A sum is included in the precept for Chairman's Allowance.	Chairman refers to RFO any purchases.	None.
2.7.2	Expenses for travel paid in line with NALC / HMRC guidelines.		None
2.8	Asset Controls		

2.8.1	An asset register is held, with insurance valuation updates annually. Asset information is recorded in the supporting papers to the Final Accounts	Register updated annually.	Register now held as data on Scribe.
2.8.2	Cash balances are held in deposit accounts for ease of access. All Accounts require 2 councillor signatory access.	Online banking with Unity Trust, Cambridge Building Society, Nationwide Building Society and Broadland Parish Deposit Scheme.	New accounts opened to spread risk.
2.9	Asset controls - Insurable risks		
2.9.1	The RFO to affect all insurance following an annual review.	Committee notes and approves schedule.	Increased liability for Fidelity Guarantee to £500,000.
2.9.2	Annual risk assessment reviewed and updated in respect of assets:	In place	None

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2.9.3	List of assets maintained and updated during the year, insurance cover extended for new acquisitions when appropriate.	Internal Auditor reviews register annually.	None
2.9.4	Assets covered by Material damage and All risks cover	Included with General Policy	None
2.9.5	Insurance provider reviewed from time to time for competitive pricing	Currently in 5-year deal. Due to end 2023	Review due April 2023.
2.9	Bank Reconciliation		
2.9.1	All bank accounts are reconciled by the RFO.	Reconciliation takes place at least monthly.	None
2.9.2	Monthly bank reconciliations are undertaken by the		None

	RFO & signed off on the bank statements by the chairman at the monthly meetings.		
2.9.3	Any adjustments for interest/ bank charges/ unpaid cheques are noted in the cashbook, if they occur		None
2.10	Year-end procedures		
2.10.1	Accounts are prepared on an Income and Expenditure basis.		Move to Income and Expenditure in 2022/23
2.10.2	Full cross casting of the cashbook is agreed to the final accounts	n/a	None

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2.10.3	An audit trail is provided by numbering vouchers, cost coding in the budget/precept, Scribe, and final accounts		None

DRAYTON PARISH COUNCIL'S KEY DOCUMENTS and POLICIES

Category	Document number	Document	Legal Basis	Adoption date	Review times
Procedures		Standing Orders	Local Government Act 1972	03-Feb-22	Mar-23
Procedures		Financial Regulations	Accounts and Audit Regulations 2015	03-Feb-22	Mar-23
Policies		Virtual Meeting Policy	'The Local Authorities (Coronavirus) (Flexibility of Local Authority Meetings) (England) Regulations 2020'	02-Jul-20	As and when
Policies		Records Management and Retention Policy		06-Aug-20	As and when
Procedures		Terms of Reference – Governance Committee		02-Jul-20	Mar-22
Procedures		Terms of Reference- Staffing Committee		04-Jun-20	Mar-22
Procedures		Terms of reference-Environment & Highways Committee		11-Jun-20	Mar-22
Procedures		Terms of Reference – Open Spaces & Property Committee			
Policies		Data Protection Policy	Data Protection Act 2003	2018	As and when
Policies		Co-option policy	Local Government Act 1972	04-Jun-15	
Policies		Credit Card Policy		03-Feb-22	Mar 25
Procedures		Credit Card Agreement for Employees		03-Feb-22	Mar 25
Procedures		Health and Safety	Not required for employers with 5 or less staff.	No date	no date
Policies		Grants Policy	Accounts and Audit Regulations 2015	16-Dec-21	Mar 26
Policies		Media Policy	Local Government Acts 1986 & 1988	16-Dec-21	Mar-23
Policies		CCTV Policy	GDPR regulations 2018	16-Dec-21	Mar-23

Policies		Lone worker policy	Health and Safety at Work Act 1974 and the Management of Health and Safety at Work Regulations 1999	Jun-21	Mar-23
Policies		Equal opportunities policy	Equality Act 2010	05-May-16	As and when
Policies		Safeguarding Policy	The Safeguarding Vulnerable Groups Act 2006	May-15	n/a
Policies		Reserves Management Policy		24-May-18	As and when
Policies		Illegal & Unauthorised Encampment Policy	Race Relations Act 1976 and the Human Rights Act 1998	Signed off by OSP 23 Sep 2020	Sep-25
Financial and Risk Management		Financial Risk Assessment		03-Feb-22	Mar-23
Financial and Risk Management		General Reserves Policy		03-Feb-22	Sept-25
Policies		Hazard Risk & Tree Management Policy	Occupiers Liability Act 1957 (amended 1984)	21-Oct-21	Mar-23
Financial and Risk Management		Internal Controls Document	Accounts and Audit Regulations 2015	03-Feb-22	Mar-23
Members and Officers		Sickness Absence Policy		02-Jul-20	Mar 22
Members and Officers		Return to work Statement and Interview		N/A	Document completed
Officers		Pension Policy		19-Nov-15	When required
Members and Officers		Grievance Procedure	Employment Rights Act 2010	06-Aug-20	August 2023 or before if necessary

Members and Officers		Disciplinary Procedure	Employment Rights Act 2010	06-Aug-20	August 2023 or before if necessary
Members and Officers		Privacy Notice		24-May-18	As and when
Members and Officers		Notice of casual vacancy		20-Nov-20	n/a