

# Whiteley Town Council

## Risk Assessment of Financial and Non-Financial Internal Audit Controls February 2017

*Document Owner:* Town Clerk

# Document Control

## Document Approvers

<b>Town Council</b>	

## Notification List

*People who must be informed of changes*

<b>Position/Function</b>	<b>Name</b>
<b>All Town Councillors</b>	

## 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.whiteleytowncouncil.co.uk](http://www.whiteleytowncouncil.co.uk)

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# Document Overview

## Purpose

This document is designed to ensure the Town 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.

## 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

Whiteley Town Council is committed to improving, wherever possible, its service to the Town. 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
- ~~Quality Parish Status Test~~ Note this has been replaced by Local Council Awards
- Power of Well Being Eligibility

## Glossary

<b>Abbreviation</b>	<b>Description</b>
GP	General Purposes
IC	Information Commissioner
NALC	National Association of Local Councils
NIC	National Insurance Contributions
PAYE	Pay As You Earn – income tax
TC	Town Council
RFO	Responsible Financial Officer
SD&P	Strategic Development and Policy
SLCC	Society of Local Council Clerks
VAT	Value Added Tax
WCC	Winchester City Council

No.	Internal Controls	Risks identified / potential for improvements	Action required
<b>1</b>	<b>Governance</b>		
<b>1.1</b>	<b>Standing Orders</b>		
1.1.1	Standing Orders have been adopted setting out the Council's constitution and procedures. They are reviewed at least every four years. New Standing Orders adopted 28 <sup>th</sup> July 2014	Revised Standing Orders to be adopted prior to end of March 2017 to take account of EC Finance Regs	Next review 2021 or as recommended by NALC
1.1.2	Committee terms of reference are reviewed at least every four years. Last reviewed 2014	Review every four years	Next review 2018
<b>1.2</b>	<b>Management strategies</b>		
1.2.1	An Operational Structure sets out lines of communication adopted by Full Council 4 <sup>th</sup> June 2007	Reviewed and adopted 4 <sup>th</sup> October 2010	None still relevant
1.2.2	A Corporate Strategy is produced annually.	Updated 7 <sup>th</sup> February 2017	SDP Committee to review for 2017/18
1.2.3	Committees have identified and adopted key objectives	Required annually	Inc 1.2.2 above
<b>1.3</b>	<b>Financial Regulations</b>		
1.3.1	The Clerk is appointed Responsible Financial Officer, with the duties detailed in the Financial regulations.		
1.3.2	Finance Regulations have been adopted which set out procedures. They are reviewed at least every four years. New Regulations adopted 3 <sup>rd</sup> October 2016	Review annually	Next review 2018
1.3.3	Grant application terms and conditions have been adopted and are reviewed regularly last review 2014	Review every four years	Next review 2018
<b>1.4</b>	<b>Freedom of Information</b>		

No.	Internal Controls	Risks identified / potential for improvements	Action required
1.4.1	The Council has adopted the revised Model Publication Scheme at Full Council 10 <sup>th</sup> November 2008. Reviewed and updated 2014	Review every four years	Next review 2018
<b>1.5</b>	<b>Complaints Procedure</b>		
1.5.1	The Council has a complaints procedure last reviewed at February 2015	None	Next review due 2019
<b>1.6</b>	<b>Measures to prevent fraud and corruption</b>		
1.6.1	The Council has adopted a Code of Conduct 5 <sup>th</sup> November 2012	None	
1.6.2	All Councillors sign a Declaration of Acceptance of Office on election or co-option	Signed in 2015	Co-opted councillors
1.6.3	All Councillors complete a Register of Interests and provide updated information as appropriate. Copies are held with the Council and Winchester City Council Monitoring Officer	Completed in 2015	Co-opted councillors
1.6.4	There is an agenda item for Councillor Declaration of Interests on Committee and Full Council agendas		None

No.	Internal Controls	Risks identified / potential for improvements	Action required
<b>1.7</b>	<b>Insurable risks</b>		
1.7.2	Public Liability insurance is held in the sum of £12 million to protect the Council from claims by third parties due to accident of damage resulting from the negligence of the Council Zurich YLL-2720443693	This is £5 million more than the minimum cover for local authorities	Review insurance when renewed in September 2017
<b>1.8</b>	<b>Employment controls</b>		
1.8.1	Clerk is only employee, contract reviewed in 2008 and new contract signed as recommended by NALC/SLCC. Noted at Finance Committee meeting 14 <sup>th</sup> May 2008. Salary and conditions reviewed annually		None
1.8.2	Standing Orders and job description outline Clerk's role Which includes that of Responsible Financial Officer		None
<b>1.9</b>	<b>Insurable risks</b>		
1.9.1	Employers Liability insurance (this is the only insurance the TC is required to hold through legislation. EI covers the legal liability of the Town 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 Zurich YLL-2720443693		None
<b>1.10</b>	<b>External Audit annual governance statement requirements</b>		
1.10.1	Statement of accounts formally approved by Council following recommendation by Finance Committee		None



No.	Internal Controls	Risks identified / potential for improvements	Action required
1.10.2	Council only does 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	None	None
1.10.3	Notice of audit displayed on four TC notice boards and website to allow electors to inspect accounts as required by Accounts and Audit Regs	None	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: <ul style="list-style-type: none"> <li>• This document</li> <li>• Annual asset risk assessments carried out for list of assets</li> </ul>	None	None
1.10.5	Appropriate steps are taken to deal with matters raised in reports from the internal and external auditor through agenda items on the Finance Committee	None	None
1.10.6	Litigation, liabilities, commitments, events or transactions occurring after the year end which could have an impact on the Council are disclosed. This has not been necessary for 2016/17	None	None

No.	Internal Controls	Risks identified / potential for improvements	Action required
<b>2</b>	<b>Financial controls</b>		
<b>2.1</b>	<b>Proper Bookkeeping</b>		
2.1.1	Cashbook is maintained using Money Manager software it is updated regularly. Records are held on Clerk's computer and backed up on OneDrive	Clerk is only holder of Money Manager software.	None
2.1.2	The cash book is balanced against bank statements to ensure arithmetically correct on a monthly basis	None	None
<b>2.2</b>	<b>Payment Controls</b>		
2.2.1	A list of payments is prepared for the monthly, Full Council meeting with the invoices also available for inspection. The Councillors discuss & approve these payments, List/cheques signed by any 2 (from the 4 approved) and the stubs initialled. For BACS payments two signatures are made on the list of accounts for payment. Approval of accounts for payment is recorded in minutes.	None	None
2.2.2	VAT payments are made on proper VAT tax invoices showing registration no. A separate column is kept in cashbook to detail VAT element. Annual reclaims are made.	None	None
<b>2.3</b>	<b>Budgetary Controls</b>		
2.3.1	The Council sets a budget on advice from the Finance committee in December/ January this is then approved by Full Council	None	None

No.	Internal Controls	Risks identified / potential for improvements	Action required
2.3.2	Clerk/ RFO presents a quarterly income and expenditure update to the Finance Committee or Full Council	None	None
<b>2.4</b>	<b>Income Controls</b>		
2.4.1	Whiteley Voice advertising and & any miscellaneous income is paid to the Clerk, who banks income promptly & enters details in cashbook.	None	None
2.4.2	WCC issues a remittance advice which confirms the precept that is paid directly into the Council's deposit bank a/c	None	None
<b>2.5</b>	<b>Petty Cash Procedures</b>		
2.5.1	No petty cash is held	None	None
<b>2.6</b>	<b>Payroll Controls</b>		
2.6.2	The Clerk is paid expenses for any official mileage at approved rate currently 58.7p, also monthly allowances for home office use and telephone & internet usage	None	None
2.6.3	PAYE/NIC is paid quarterly to the Inland Revenue. Real time returns made online from 1 <sup>st</sup> April 2013	None	None
2.6.4	Superannuation payments are made monthly to HCC in accordance with current rates provided.	None	None

No.	Internal Controls	Risks identified / potential for improvements	Action required
<b>2.7</b>	<b>Councillor / Chairman's expenses</b>		
2.7.1	A sum is included in the precept for Chairman's expenses	None	None
2.7.2	Expenses paid using figures within the Parish Remuneration Panel April 2015: Review of Allowances for Parish Councils within the Winchester District including Travelling and Subsistence Allowances.	None	None
<b>2.8</b>	<b>Asset Controls</b>		
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	None	None
2.8.2	Cash balances are held in a deposit account for ease of access and to obtain interest Lloyds TSB ac nos 3427448(current) / 3677738 (interest)	None	None
<b>2.9</b>	<b>Asset controls - Insurable risks</b>		
2.9.1	Finance Regs provide for the RFO to effect all insurance following an annual risk assessment	None	None
2.9.2	Annual risk assessment reviewed and updated in respect of assets:	None	None
2.9.3	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	None	None

No.	Internal Controls	Risks identified / potential for improvements	Action required
2.9.4	Assets covered by Material damage and All risks cover Zurich YLL-2720443693	Review in time for renewal of policy 1 <sup>st</sup> September 2016	Review prior to renewal
2.9.5	Insurance provider reviewed from time to time for competitive pricing		
<b>2.9</b>	<b>Bank Reconciliation</b>		
2.9.1	The two bank accounts are reconciled by the RFO. (Current ac no. 3427448 and a interest deposit ac no. 3677738 held with Lloyds TSB at Fareham)	None	None
2.9.2	Monthly bank reconciliations are undertaken by the RFO & signed off on the bank statements.	None	None
2.9.3	Any adjustments for interest/ bank charges/ unpaid cheques are noted in the cashbook, if they occur	None	None
<b>2.10</b>	<b>Year end procedures</b>		
2.10.1	Accounts have been prepared on a receipts and payments basis since 2003/4.	None	None
2.10.2	Full cross casting of the cashbook is agreed to the final accounts	None	None
2.10.3	An audit trail is provided by numbering invoices, cost coding in the budget/precept, cashbook, and final accounts	None	None

No.	Internal Controls	Risks identified / potential for improvements	Action required
3	<b>Quality Parish Status tests 2008 edition QPS has been replaced by Local Council Awards</b>		
	Reaccredited in September 2011		Agree whether to take part in the new scheme
4	<b>General Power of Competence qualification criteria</b>		
4.1	Clerk required to undertake additional training module		Decide whether the TC needs to use the power
4.2	Two thirds of councillors must be elected		
5	<b>Parish and Town Council Charter for Member Development Accreditation</b>		
5.1	The (Parish) Town Council was awarded the Charter for Member Development Accreditation under a pilot scheme in 2012.	SD&P Committee and Full Council to oversee process	Councillors to update training requirements and actively manage their training needs.