

**ELMSWELL PARISH COUNCIL**

**Agenda item 10.01.15 refers**

Report on a review of the Council's systems of internal control of the stewardship of the Council's finances and resources carried out on

**10<sup>th</sup> November 2009**

by the Chairman of the F&GPWP together with Cllrs. Barker and Buckmaster, as Resolved by Council on 21.09.09 at 09.09.21.

1	<i>The inspecting councillors will satisfy themselves that:</i>	<i>by reference to:</i>	<i>Observations</i>
1.1	<b>Standing Orders</b> are in place, any amendments to those Orders duly minuted and revisions copied to councillors.	<i>Recent practice; current document – 20.07.09</i>	Current practice demonstrates that Standing Orders are reviewed as necessary. Regular reference to them in meetings confirms that Councillors are aware of Standing Orders and that they govern proceedings appropriately.
1.2	The Clerk is properly appointed as <b>Responsible Finance Officer</b> and undertakes professional development sufficient to maintain an up to date grasp of relevant current legislation and good practice.	<i>Standing Order 4.1; Clerk's Job Description CiLCA qualification H&amp;S qualification Various courses – Burial Law – SLCC 02.11.09 SLCC - re Common Land, Village Greens ROW &amp; Open spaces 15.07.09 Training re Word 07 – SALC 18.07.09 Play Safety – Kompan 23.09.08 Freedom of Information-SALC training 05.12.08 Power of Well Being – SALC training 30.03.09</i>	There is no room for doubting that the Parish Clerk is the Council's Proper Officer. The schedule detailing Continuing Professional Development confirms that the Clerk is aware of the need to stay ahead of current developments and best practice across a broad range of topics.
1.3	<b>Risk assessments</b> are adequate and any shortcomings noted by the Internal Auditor are adequately addressed.	<i>RA files; Schedules of RA's</i>	Recommended BDO pro forma & schedule of RA's - extension
1.4	The <b>insurance</b> policies in place are adequate and appropriate and that the Council's unallocated reserves are adequate.	<i>Insurance files; budget documents</i>	All insurance cover is adequate. Third party liability held by others covering the Parish Clerk's office is adequate. £20k reserve still reasonable. Current fidelity cover low; recommend uplift asap to 2 x precept (see 7.2)
1.5	The <b>Assets Register</b> is an accurate reflection of the Council's property and is, where appropriate, the basis of proper insurance cover.	<i>Assets register</i>	No change since June Audit ie up to date, is accurately updated on an annual basis and shows both written-down and replacement values.

1.6	<b>Minutes</b> of Council and Committee meetings are properly maintained and available.	<i>Current practice; Minutes file; Library copies of Minutes</i>	Minutes are readily accessed via the website, at the Memorial Library and on the Co-op notice board. Papers tabled at each monthly Council meeting and copied to the public clearly identify financial activity and show that such activity is being properly dealt with and is appropriate.
1.7	They are aware of the <b>risks</b> which might attend the loss of the Clerk, the Clerk's office or the Council's data and / or files.	<i>Alternative office accommodation options &amp; costs Sudden loss of Clerk – continuity via clerical support team Loss of data – back-ups adequate</i>	The annexe at Blackbourne could house the Parish Clerk's office on an emergency, short term basis (BMA to be consulted). The Clerical Support staff have an adequate working knowledge of procedures sufficient to inform a successor. Schedule of Clerk's basic tasks, on file and on back-up hard drive, provides framework for continuity.
1.8	They are aware of the possibility of <b>fraud</b> , of actions against the Council by employees, of the need for proper security of data, files and personal information.	<i>Password protected computers Undertaking by clerical support assistants Clerk's continuing professional development highlights this</i>	Confirmation from SALC that adequate firewall protection in place. The grievance procedure when tested proved to be adequate and that Council is appropriately aware of employment and related issues.
2	The inspecting councillors will satisfy themselves that:	by reference to	observations
2.1	The <b>cashbook</b> is correctly written up, mathematically correct and the balance regularly published so as to be available to Councillors and public.	<i>1 month chosen at random and both current account &amp; deposit accounts cross checked with figures published for monthly Council meetings</i>	Checked in detail and confirmed to be correct in all regards.
2.2	<b>Bank reconciliations</b> are regularly published and that the published figures tally with the bank statements.	<i>1 month chosen at random and both current account &amp; deposit accounts cross checked with figures published for monthly Council meetings</i>	Checked in detail and confirmed to be correct in all regards.

2.3	All <b>income</b> due is received.		Checked in detail and confirmed to be correct in all regards.
	2.3.1	<i>1 Interment chosen at random and checked as to correct fees charged and fees collected and banked;</i>	
	2.3.2	<i>1 allotment chosen at random and checked as to correct fees charged and fees collected and banked;</i>	Checked in detail and confirmed to be correct in all regards.
	2.3.3	<i>Cross-checks made at random on income as shown on monthly spreadsheet re BMA, Station rent etc. to confirm proper payment made and banked;</i>	Checked in detail and confirmed to be correct in all regards.
	2.3.4	<i>The precept agreed by Council was properly registered and received.</i>	Checked in detail and confirmed to be correct in all regards.
2.4	All due payments are properly made.		Checked in detail and confirmed to be correct in all regards.
	2.4.1	<i>2 random checks made on staff payments to confirm debit from Council's account and that such payments are as agreed by Council;</i>	
	2.4.2	<i>2 random checks made on payments to contracted agencies – cemetery maintenance, Crown Mill maintenance to confirm debit from Council's account;</i>	Checked in detail and confirmed to be correct in all regards.
	2.4.3	<i>4 random checks on the audit trail relating to vatable supplies to confirm VAT claimed and received;</i>	Checked in detail and confirmed to be correct in all regards.
	2.4.4	<i>1 random check made on allowances made to Councillors and Clerk in respect of travel or other authorised activities;</i>	None were made in this financial year.
	2.4.5	<i>2 random checks made on expenses paid to the Clerk or to Councillors to confirm that the expenditure is properly made and authorised;</i>	No expenses paid this period
	2.4.6	<i>1 random check on expenditures made under s137 to confirm that these are properly made and recorded</i>	No expenses paid this period
	2.4.7	<i>4 random checks to confirm that PAYE / NIC is properly calculated, recorded and paid</i>	Checked in detail and confirmed to be correct in all regards.

3	<i>The inspecting Councillors will satisfy themselves that;</i>	by reference to	observations
3.1	<b>Year-end accounts</b> are prepared on the correct accounting basis, that the accounts agree with the cashbook and that there is an adequate audit trail from underlying financial records to the accounts as prepared for audit	<i>Annual Return Balance sheet P&amp;L</i>	Detailed analysis by Internal Auditor last year confirmed process and outcomes were correct as seems to be the case on sight for this year's figures.
3.2	<b>Funds are appropriately deposited</b> to maximise interest without jeopardising liquidity	<i>Co-op bank / Scott. Widows statements</i>	Previous recommendation acted upon and, despite the negligible gains available in the current financial climate, funds are moved appropriately.
3.3	That <b>debtors and creditors</b> are properly recorded	<i>Balance sheet</i>	The Council has no debtors. Except under exceptional circumstances the practice of writing cheques immediately on receipt of invoice means the Council has no unpaid creditors. Reconciliation seen by all Councillors on financial report to monthly meetings.
4	The inspecting councillors will satisfy themselves that:	by reference to	observations
4.1	There is an adequate system in place to ensure that <b>contracts of employment</b> are in place for all employees and that hours worked are properly recorded and paid.	<i>Individual contract documents</i>	Confirmed that, in line with recommendation last year, contracts for Blackbourne cleaners and village caretaker signed and on file. Time sheets show the recording of hours is as detailed as is reasonably possible.
4.2	The allocation of tasks between <b>Clerk and Clerical Support</b> is appropriate and offers best value.	Time sheets	Time sheets show the recording of hours is as detailed as is reasonably possible. The flexibility of the current system is extremely cost effective and allows for a comprehensive service to the Council and public. Schedule of all tasks shows range of activities.

4.3	That <b>office consumables</b> are economically sourced and properly used.	Relevant invoices compared with other suppliers (catalogues available)	Given the very low level of activity, the one supplier used represents best value.
4.4	That <b>office practices</b> take account of and avoid waste and unnecessary expense.	Consider existing practices re paper, use of email, procedures for mailing councillors	This aspect of office procedures is well in advance of most current practice –clearly evident from day-to-day communications with Councillors. Greenest County award testament to good practice as directed by the Parish Clerk.
5	The inspecting councillors will satisfy themselves that, over and above the review of financial matters, the following will be tested as the councillors deem appropriate and their findings on this section will form part of the report to Council.	by reference to	observations
5.1	That the <b>cemetery records</b> are up to date and accurate.	Cemetery Register, alphabetical files	Checked in detail and confirmed to be correct in all regards. Noted: Procedures now include invoicing, receipted, of all interments, cross referenced with cemetery register. Cash receipts (very occasional) noted in numbered receipt book.
5.2	That the <b>allotment lettings</b> are managed properly	Allotment plan, letting agreements	Checked in detail and confirmed to be correct in all regards.
5.3	That dealings with <b>external agencies</b> , particularly SCC &MSDC, are effective, efficient and appropriate.	Examples considered: SCC lighting / highways MSDC paper bank / Christmas trees Orwell Housing / SPS / SALC	Current practice, as observed on a day-to-day basis, by results and as individual Councillors are aware confirm that the Council's relationship with external agencies, through the Clerk, are excellent. Recent initiatives involving Elmswell Amenities Association and the newly appointed Youth Worker further evidence of good and effective practice.
5.4	That dealings with the Council's <b>employees and retained contractors</b> are proper, effective and efficient	Includes management of ; Blackbourne cleaners Village caretaker Handyman Youth Worker Grave digger Cemetery maintenance contractor Electrical and plumbing contractors Grass cutting contractor including MSDC Tree / hedge maintenance contractor	Current practice, as observed on a day-to-day basis, by results and as individual Councillors are aware confirm that the Council's relationship with its employees, through the

			Clerk, is excellent.
5.5	That office practices are such as to provide an appropriately efficient and accessible <b>service to the public</b> in keeping with the Council's standing as a Local Authority	Hours of 'opening' & accessibility to public Telephone / answering machine monitoring Appointments with public Cover during Clerk's absence Quality & range of advice offered	All feedback from residents confirms an excellent service in all these regards. Noted the inevitable risk of a reduced service / increase in cost of providing existing service level should current arrangement cease.
5.6	That office practices are such as to provide an <b>efficient service to the Council</b> in the drawing up of agendas, meeting notices, relevant copying.	Agendas & relevant papers Access to Clerk	This is observed to be excellent, meeting requirements and more.
6	The inspecting Councillors will satisfy themselves that arrangements for the internal Audit by others are adequate		
6.1	The Internal Auditor appointed by Council is independent of the Council, suitably qualified to do the job and is appointed in the basis of a letter of engagement which clearly sets out the scope of the audit.		Letter of engagement seen to be adequate
6.2	The details of the Internal Audit are appropriately available to all Councillors and that there is a Resolution of Council confirming this.		Report copied to all Councillors. Resolution 09.06.13 confirms that this was formally received.
7	The inspecting Councillors will review the External Auditors report for year ended 21.03.04		
7.1	The report should give rise to no concerns regarding relevant legislation and		No action required

	regulatory requirements.		
7.2	Note action required relating to the comments from the Auditor		Immediate advice from insurers sought and actioned forthwith
7.3	Note action required from the notes appended by the Auditor which do not affect the Opinion.		None required.

This review takes account of the 2003 Practitioners' Guide to Governance and Accountability in Local Councils in England & Wales and of the Accounts & Audit (Amendment) (England) Regulations 2006 It has regard to emerging advice from NALC, in consultation with Central Government, on the revisions to the 2006 Act published in 2008.

The framework for the review was drawn up by the Clerk, in consultation with SALC and SLCC, and was agreed by the participating councillors as being fair, effective and adequate prior to the review being undertaken. All documents checked were selected at random by the Councillors during the Audit visit.

Where there is a suggestion as to the number of documents which might be accessed, this is a guideline and does not preclude examination of more or all of the relevant documents at the councillors' discretion. No Council document was denied to the inspecting councillors on request.

SALC advises that, ' Care should be taken to ensure that internal control tests are proportionate and relevant and that they are neither seen as, nor intended as, undue interference in the RFO's day to day management of financial affairs.' Nevertheless, it is considered that the opportunity to assess the soundness of the structures which govern the Council beyond financial matters should be taken.

### **Overall conclusions**

The procedures, accounts and records identified and audited in this systems review were fully examined as detailed in the report and a high level of competence, service and accuracy observed. All documents checked were selected by the delegated Councillors at random and without pre-arrangement.

Recommendation for actions were specified at 7.2.

Cllr David Barker  
Cllr Eric Buckmaster  
Cllr Mike Schofield

22.12.09