



Drayton Parish Council

Internal Audit Controls

March 2024

Document Owner: Finance & General Purposes Committee

Reviewed by Finance & General Purposes Committee 21st March 2024

*Next scheduled review due April 2024**

*Following a revised annual schedule of meetings and timeline for the Finance & General Purposes Committee, the Internal Controls Document will be reviewed annually at its April meeting.

Notification List

All Parish Councillors must be informed of changes

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 kept 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 controls
- maintain an adequate and effective system of internal audit of the council's accounting records and control systems and review their effectiveness.

**Reference Joint Panel on Accountability and Governance Practitioners' Guide March 2023*

How to use this document-

This document should be used to understand the internal governance controls and the various types of identified risks together with 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.

Ref.	Internal Controls	Current Procedure	Risks identified / potential for Improvements
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. Reviewed against the "NALC Model Standing Orders 2018 (England) Updated April 2022" and approved at the April 2023 meeting of the Council.	Recommend review period increase from annual to 4 yearly to coincide with election years. Review and updates to Standing Orders in line with national guidance and legislation to continue throughout this period.
1.1.2	Committee terms of reference are reviewed at least annually.	Revision and adoption of standardised Terms of Reference for all Committees completed in 2023/24. Committees review their Terms of Reference at their last meeting of the Financial Year and make recommendations for amendment to Council for approval at the annual meeting in May.	
1.2	Management Strategies		
1.2.2	A Strategic Plan is required to be reviewed annually for the minimum period of that council.	Approach for Strategic Planning presented for consideration at the March 2024 meeting of the Finance & General Purposes Committee.	
1.2.3	Committees have identified and adopted key objectives	Approach for Strategic Planning recommends an action plan with clear delegation and key objectives for each Committee (see 1.2.2)	
1.3	Financial Regulations		
1.3.1	The Assistant Clerk is appointed Responsible Financial Officer, with the duties detailed in Financial Regulations.	Regular training is undertaken with Scribe and professional advice sought as necessary. CiLCA training scheduled to begin in March 2024.	Ensure employee files are scheduled for review and updated annually.

Ref.	Internal Controls	Current Procedure	Risks identified / potential for Improvements
1.3.2	Finance Regulations have been adopted which set out procedures. They are reviewed annually.	Reviewed against the latest NALC Model 2019 and approved at the April 2023 meeting of the Council. Further amendment to include statutory updates regarding procurement thresholds applied and published.	Recommend review period increase from annual to 4 yearly to coincide with election years. Review and updates to Financial Regulations in line with national guidance and legislation to continue throughout this period.
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 by Finance & General Purposes Committee in 2024 and published on the website
1.5	Complaints Procedure		
1.5.1	The Council has a complaints procedure.	Complaints policy and form adopted by Council.	To be reviewed by Finance & General Purposes Committee in 2024 and published on the website.
1.6	Measures to Prevent Fraud and Corruption		
1.6.1	The Council has adopted the NALC Model Code of Conduct.	NALC Code of conduct adopted May 2021	
1.6.2	All Councillors sign a Declaration of Acceptance of Office on election or co-option	Declarations of Acceptance of Office filed in the KGV Office.	Recommend review of signed declarations held in line with record management and retention policy.
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.	Register of Interests filed in the KGV Office.	Recommend review of signed declarations held in line with record management and retention policy.
1.6.4	There is an agenda item for Councillor Declaration of Interests on Committee and Full Council agendas	In place.	
1.7	Insurable Risks		

Ref.	Internal Controls	Current Procedure	Risks identified / potential for Improvements
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.	. Reviewed annually as part of insurance renewal. Limit of indemnity held for 2023/24 £10 million.	
1.8	Employment Controls		
1.8.1	Clerk, Assistant Clerk and Maintenance Operative all have contracts and employed on model NJC contract.	All contracts in place.	The National Association of Local Councils (NALC) and the Society of Local Council Clerks have launched a new model employment contract for town and parish councils to be reviewed and considered for adoption.
1.8.2	Standing Orders, Financial Regulations and job description outline Clerk's role which includes that of Responsible Financial Officer.	Scheme of Delegation with reference to relevant governing documents adopted April 2023.	Scheme of Delegation to be reviewed by Finance & General Purposes Committee in 2024.
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.	Reviewed annually as part of insurance renewal. Limit of indemnity held for 2023/24 £10 million.	
1.10	External Audit Annual Governance Statement Requirements		
1.10.1	Statement of accounts formally approved by Council.	Scheduled for completion before the deadline provided by external auditor. 2022/23 accounts approved at the June 2023 meeting.	
1.10.2	Council only undertakes things it has legal power to do and	No General Power of Competence held. Professional advice sought as required.	

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	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.		
1.10.3	Notice of audit displayed to allow electors to inspect accounts as required by Regulations.	Notice of audit published on the Parish Council website and noticeboards.	
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"> • This document • Annual asset risk assessments carried out for list of assets 	Asset Management project scheduled for 2024/25	Recommend electronic risk assessments to be completed online and a central register of all assessments to be completed on a routine basis.
1.10.5	Appropriate steps are taken to deal with matters raised in reports from the internal and external auditor through agenda items.	Report is received and considered by the Finance & General Purposes Committee for consideration of action and recommendation to Council.	
1.10.6	Litigation, liabilities, commitments, events or transactions occurring after the year end which could have an impact on the Council are disclosed.		
1.10.7	Policies	A central document log is maintained by the Finance & General Purposes Committee and reviewed at the first meeting of the Financial Year. All documents are allocated an appropriate Committee as document holder.	
2.	Financial Controls		
2.1	Proper Bookkeeping		
2.1.1	Cashbook is maintained using computer system (Scribe) Software it is updated regularly. Data is accessed via Scribe's website. Data backed up automatically online.	Internal Control checks undertaken quarterly. Interim Internal Audit checks undertaken, usually in October and year-end in April	

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2.1.2	The cash book is balanced against bank statements to ensure arithmetically correct (bank reconciliation)	Bank reconciliation completed monthly and is reported to Council.	
2.2 Payment Controls			
2.2.1	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. 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.	Revised process adopted at July 2023 meeting of the Council. Payments made for the previous month are reported in full. Payments for authorisation are presented at the earliest available meeting for approval and payment.	
2.2.2	VAT is reclaimed using HMRC port via Scribe.	Council are fully VAT registered and online returns are completed 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.		
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 in preparation for annual budget meeting held in November. Budget approval is considered at December and/or January meeting.	
2.3.2	Clerk/ RFO presents a quarterly income and expenditure update to the Finance & General Purposes Committee highlighting budget variance.	. Reports scheduled for 2024/25 annual calendar of meetings.	
2.4 Income Controls			
2.4.1	All income is maintained on Scribe.	All income regularly paid into bank.	

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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		
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.	No petty cash held.	
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. Recording procedures in place to meet HMRC guidelines. Car allowance paid from January 2024 for the Maintenance Operative.	
2.6.3	PAYE/NIC is paid monthly to the Inland Revenue	Payroll outsourced to Norfolk ALC.	
2.6.4	Pension payments are made monthly to Norfolk Pension Fund in accordance with current rates provided.	Payment is made by BACS.	
2.7	Councillor Allowances		
2.7.2	Expenses for travel paid in line with NALC / HMRC guidelines.	No expenses paid at this time.	
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 held on Scribe and updated annually in preparation for insurance renewal	Parish Online project approved for 2024/25 budget including a thorough review of assets to clarify finer details including number and location of some assets.
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 account opened with Skipton Building Society in 2024 and limit increased to £125,000 with	

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		Cambridge and Nationwide to further spread financial risk.	
2.9	Asset Controls - Insurable risks		
2.9.1	The RFO to affect all insurance following an annual review.	Finance & General Purposes Committee reviews insurance needs including assets and makes recommendations for approval by Council.	
2.9.2	Annual risk assessment reviewed and updated in respect of assets.		See 1.10.4
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.	
2.9.4	Assets covered by Material damage and All risks cover	Included with General Policy.	
2.9.5	Insurance provider reviewed from time to time for competitive pricing	Currently in 3-year deal with Clear Councils (BHIB). Due to end 2026	
2.9	Bank Reconciliation		
2.9.1	All bank accounts are reconciled by the RFO.	Reconciliation takes place at least monthly.	
2.9.2	Monthly bank reconciliations are undertaken by the RFO & signed off on the bank statements by the chairman at the monthly meetings.	As described.	
2.9.3	Any adjustments for interest/ bank charges/ unpaid cheques are noted in Scribe, if they occur	As described.	
2.10	Year-End Procedures		
2.10.1	Accounts are prepared on an Income and Expenditure basis.	As described.	
2.10.2	Full cross casting of the cashbook is agreed to the final	Automated in Scribe.	

Ref.	Internal Controls	Current Procedure	Risks identified / potential for Improvements
	accounts		
2.10.3	An audit trail is provided by numbering vouchers, cost coding in the budget/precept, Scribe, and final accounts	As described.	