

ELMSWELL PARISH COUNCIL

The report on the annual review of the Council's systems of internal control of the stewardship of the Council's finances and resources carried out on 10.01.2019 by the Vice Chairman of Council, (apologies from Chairman noted) together with Cllr Wiley as authorised Minutes ref. 18.11.18 & 18.11.20

1	<i>The inspecting councillors will satisfy themselves that:</i>	<i>by reference to:</i>	<i>observations</i>
1.1	Standing Orders are in place, any amendments to those Orders duly minuted and revisions copied to councillors.	<i>Recent practice; Current document – any modifications noted in the year Confirmation that all Cllrs. issued with any revised S.O. document.</i>	No changes in current year. Long-term aim to go over to NALC Model Standing Orders 2018 noted and action recommended with an eye to succession planning.
1.2	The Clerk is properly appointed as Responsible Finance Officer and, including for the Assistant Clerk, undertakes professional development sufficient to maintain an up to date grasp of relevant current legislation and good practice including the appropriate recording of delegated decisions and actions.	<i>Standing Order 4.1; Clerk's Job Description CiLCA qualification + Sec. 7 module H&S qualification via SALC Training & CPD sessions etc as scheduled: SALC ref GDPR 11.07.2018 SALC Clerk's Networking 20.11.2018</i>	Main area requiring training noted as GDPR legislation, adequately covered. Otherwise no doubt as to Clerk's ability to administer Council adequately.
1.4	Contracts & Tenders have been dealt with in compliance with relevant Standing Orders.	<i>Financial overview document to identify expenditures of size & nature to require reference to S.O. 35, paper trail interrogated as necessary to ensure compliant process where appropriate.</i>	Noted amendment as required re Contract Finder website. Noted no transactions requiring formal contract / tender over the current year.
1.5	Risk assessments are adequate, including loss of data, and any shortcomings noted by the Internal Auditor are adequately addressed.	<i>RA files; Note confirmation at 18.05.07</i>	Noted in place and adequate with no outstanding issues requiring attention.
1.6	The insurance policies in place are adequate and appropriate.	<i>Insurance files. Reference to on-going claim</i>	Noted as in order and that new combined policy now providing cheaper cover. Noted on-going claim for storm damage to Jubilee Hall roof progressing.

1.7	The Council's unallocated reserves are adequate	<i>Monthly financial reports as tabled at ordinary meetings.</i>	No reason found to increase £20k reserve
1.8	The Assets Register is an accurate reflection of the Council's property and is, where appropriate, the basis of proper insurance cover.	<i>Assets register Note Annual Meeting approval of accounts at 18.05.06</i>	Advice to be sought re uplift to value of Wesley following refurbishment given the 'purchase price only' basis of recording assets under Local Authority accounting protocols
1.9	Minutes of Council and Committee meetings are properly maintained and available and demonstrate no unusual financial activity.	<i>Current practice; Minutes file; Library copies of Minutes; Up to date copies on web site</i>	Confirmed as in order
1.10	They are aware of the possibility of fraud , of actions against the Council by employees, of the need for proper security of data, files and personal information.	<i>Password protected computers. Data Protection registration, automatic annual renewal by Direct Debit Awareness of recent GDPR legislation</i>	Noted that GDPR compliance has required installation of safe containing master access dongle for all computers, key for locked cupboard containing all sensitive files and all access codes including CCTV.
1.11	Council is complying with the relevant requirements of the Local Government Transparency Code 2015 as it relates to annual income / expenditure.	<i>Currently working on R&P basis, income / expenditure levels will require filing annual Return as I&E. New Scribe accounts package make this transition easier. Aware of requirement to re-submit 2017/2018 figures in I&E format.</i>	All noted as appropriate and compliant.

2	<i>The inspecting councillors will satisfy themselves that:</i>	<i>by reference to</i>	<i>observations</i>
2.1	The computer generated accounts are regularly published, available to Councillors & public and that Bank reconciliations are regularly published and that the published figures tally with the bank statements.	<i>1 month chosen at random and cross-checked with figures published for monthly Council meetings</i>	Noted that Chairman now signs actual bank statements at monthly meetings as per specific agenda item which is minuted. 2 random transactions chosen and audit trail showed all in order
2.2	All income due is received. 2.2.1 2.2.2 2.2.3 2.2.4	<i>1 or more Interment chosen at random and checked as to correct fees charged and fees collected and banked;</i> <i>1 or more allotment chosen at random and checked as to correct fees charged and fees collected and banked;</i> <i>Cross-checks made at random on income as shown on published monthly account schedules re BMA, Station rent to confirm proper payment made and banked;</i> <i>The precept agreed by Council was properly registered and received.</i>	Checked from Register to file copies & found to be in good order Recent renewal checked and all in order Bank statements checked re Standing Order payments and all in order Bank Statements confirm 2 payments as reflected in monthly cash flow sheets published to Councillors
2.3	All due payments are properly made. 2.3.1 2.3.2 2.3.3	<i>Random check(s) made on staff payments to confirm debit from Council's account and that such payments are as agreed by Council;</i> <i>Random check(s) made on payments to contracted agencies – cemetery maintenance, Crown Mill maintenance to confirm debit from Council's account;</i> <i>Random check(s) made on general expenditures to confirm sound paper trail from invoice to bank statement;</i>	Computer-generated Payment advice tallied with debit from bank in sum as agreed Contractor now paid on invoice; random month showed correct amount billed, paid and debited 2 invoices at random from alphabetic file traced through to bank statement and no fault found

	2.3.4	<i>Check(s) on the audit trail relating to vat-able supplies to confirm VAT claimed and received;</i>	2 VAT-bearing invoices chosen at random and checked through to HMRC payment – all in order
	2.3.5	<i>Random check(s) made on allowances made to Councillors and Clerk in respect of travel or other authorised activities;</i>	No allowances claimed
	2.3.6	<i>Random check(s) made on expenses paid to the Clerk or to Councillors to confirm that the expenditure is properly made and authorised;</i>	Reimbursements to Clerk authorised on monthly basis
	2.3.7	<i>Random check(s) on expenditures made under s137 to confirm that these are properly made and recorded</i>	No s137 payments made given Council's adoption of General Power of Competence
	2.3.8	<i>Random check(s) to confirm that PAYE / NIC is properly calculated, recorded and paid</i>	Computer generated printout examined at random and payment traced satisfactorily
3	<i>The inspecting Councillors will satisfy themselves that;</i>	by reference to	observations
3.1	Year-end accounts are prepared on the correct accounting basis.	<i>Annual Return</i>	Noted suitable steps required to comply with Regulations related to £200k threshold reached as per 1.11
3.2	Funds are appropriately deposited to maximise interest without jeopardising liquidity	<i>Co-op bank statements</i>	No deposit account under current financial conditions. Possible review of this position as rates increase and given short-term capital held when PWLB loan drawn down
3.3	That debtors and creditors are properly recorded	<i>Balance sheet</i>	No balance sheet given new accounts package and R&P basis of day-to-day transactions; noted that End of Year accounts will be transposed to I&E as per 1.11. Assistant Clerk's assurance of no outstanding debtors / creditors noted

4	<i>The inspecting councillors will satisfy themselves that:</i>	<i>by reference to</i>	<i>observations</i>
4.1	Contracts of employment are in place for all employees.	<i>Individual contract documents</i>	Checked. In place and signed.
5	<i>The inspecting Councillors will satisfy themselves that, over and above the review of financial matters, the following will be tested as they deem appropriate and their findings on this section will form part of the report to Council.</i>	<i>by reference to</i>	<i>observations</i>
5.1	That the cemetery records are up to date and accurate. That the cemetery regulations and fees are appropriate	Cemetery Register, alphabetical files Cemetery Regulations Scale of Cemetery fees	Register entry chosen at random from current year and traced through to file containing all details including certification. Correct fee recorded and trailed through bank paying in book to relevant Bank Statement. All in order. Noted that hard copies only are kept – proposed digital scan / updates should be implemented to ensure a secure record.
5.2	That the allotment lettings are managed properly and that the relevant regulations and fees are appropriate.	Allotment plan, letting agreements	Noted that all tenancies renewed on 1 st January. 1 chosen at random and located on allotment plan. Payment recorded correctly and traced through to relevant Bank Statement.
5.3	That dealings with external agencies , particularly SCC &MSDC, are effective, efficient and appropriate.	Examples considered: SCC lighting / highways MSDC Waste & recycling / Christmas trees SALC / SLCC / Police	Efficient communication and co-operation obvious from the effective dealings with Council agencies & others.

5.4	That dealings with the Council's employees and retained contractors are proper, effective and efficient	Includes management of; Assistant Clerk, Blackbourne caretaker, Village Warden, Handyman, Grave digger, Cemetery maintenance contractor, Electrical plumbing & heating contractors, Grass cutting contractor including MSDC Tree / hedge maintenance contractor, SCC grass cutting NB re-allocation of CSW tasks	No known problems and good outcomes all round are evident. Noted that CSW duties re SID management now taken on by Village Warden / Caretaker, overseen by Clerk's office.
5.5	That office practices are such as to provide an appropriately efficient and accessible service to the public and provide an efficient service to the Council.	Hours of opening & accessibility to public Telephone / answering machine monitoring Appointments with public Cover during Clerk's absence Quality & range of advice offered Agendas & relevant papers Access to Clerk	Excellent service on all counts observed throughout the year. VOIP telephone now extended to Clerk's home address allowing wider monitoring of calls. Remote monitoring of CCTV also proving to be a useful management tool.
6	<i>The inspecting Councillors will satisfy themselves that arrangements for the internal Audit by others are adequate</i>	<i>by reference to</i>	<i>observations</i>
6.1	The Internal Auditor appointed by Council is independent of the Council, suitably qualified and appointed on the basis of a letter of engagement which clearly sets out the scope of the audit.	<i>Heather Heelis approved ref. 18.11.17</i>	Ratification by Council as referenced noted.
6.2	The details of the Internal Audit are appropriately available to all Councillors and that there is a Resolution of Council confirming this.	17.05.08 refers	Annual Meeting approval noted as adequate.
7	<i>The inspecting Councillors will review the External Auditors report for year ended 31.03.18</i>	<i>by reference to:</i>	<i>observations</i>

7.1	Satisfying themselves that the report gives rise to no concerns regarding relevant legislation and regulatory requirements.	PKF Littlejohn External Audit Report and Certificate 2017/18 relevant Minute refers at 18.11.19	Adequately covered by Council's formal approval
7.2	Note action required relating to the comments from the Auditor	PKF Littlejohn External Audit Report and Certificate 2017/18 relevant Minute refers at 18.11.19	As 7.1
7.3	Note action required from the notes appended by the Auditor which do not affect the Opinion.	PKF Littlejohn External Audit Report and Certificate 2017/18 relevant Minute refers at 18.11.19	As 7.1
8	<i>The inspecting Councillors will note any observations from the Clerk relating to any aspect of the accounts or governance relating to the year under audit and going forward.</i>	<i>by reference to</i>	<i>observations</i>
8.1	Clerk's input invited	<p>The provision of more storage / office space needs to be a matter for review as and when the Wesley project crystallises and finances are better predicted. In the interim, temporary storage, such as a lorry body on the car park at Blackbourne, might be an effective interim measure, particularly over the Wesley build-out period.</p> <p>Council needs to be aware of the increased workload as Blackbourne turnover increases and as Wesley come on stream. This is currently being managed by diverting Village Warden hours to an extent, but, eventually, more hours will be needed across the staffing structure. This would have to address the increasing need for weekend working on a needs-only basis. Office hours are more difficult to manoeuvre, but my assessment would be that we will need to review these if the upward trend in business continues. With the office move to Blackbourne and the appointment of an Assistant Clerk I think the key issues of succession management are addressed. I welcome any further suggestions as to measures that might be appropriate.</p>	

9	Recommendations to be noted	
9.1	The NALC Model Standing Orders should be adopted before the next Internal Audit	
9.2	Auditor's advice be sought re valuation of refurbished Wesley in terms of Assets Register	
9.3	Review position re possible interest-bearing account as and when Wesley funds are drawn down	
9.4	That the cemetery records be digitised, as per existing budget, ASAP	

Noted:

This review takes account of the JPAG document Governance and Accountability for Smaller Authorities in England, a Practitioners' Guide March 2018, to the DCLG documents Local Government Transparency Code February 2015 & Open and Accountable Local Government August 2014.

The framework for the examination was drawn up by the Clerk, reviewed by Councillors as Minuted, at 18.11.20 and 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 Inspection visit.

Where there is a suggestion as to the number of documents which might be accessed, this was taken as a guideline and did not preclude examination of more or all of the relevant documents at the Councillors' discretion. No 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 afforded by this review to assess the soundness of the structures which govern the Council beyond financial matters should be taken.

Affirmation of probity.

As the Councillors carrying out this examination of the Council's accounts, practices and procedures we confirm that the above represents a true picture of the situation as we found it to be.

We spent 2½ hrs during which time we were encouraged to examine entirely at our choice any and all relevant documents. Both the Parish Clerk and Assistant Clerk were present throughout and we thank them for their co-operation. There was no attempt to steer our enquiry nor to limit it in scope or in the time taken. We were offered the option of a second and subsequent sessions if needed.

Signed

Shaun Pratt

Cllr Shaun Pratt, Vice-chairman of Council

Signed

Chris Wiley

Cllr Chris Wiley