

ELMSWELL PARISH COUNCIL

Report on the annual review of the Council's systems of internal control of the stewardship of the Council's finances, governance and resources which was carried out on 08.01.2020 by the Chairman and Vice Chairman of Council together with Cllr Roots as authorised by Minute ref. 19.11.20

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 including change to NALC Model Standing Orders ; Confirmation that all Cllrs. issued with any revised document.</i>	Noted that new documents, including Financial Standing Orders, in place as of 21.10.2019 ref. 19.10.16 and no modifications to date.
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>Financial Regulations 1.8 Clerk's Job Description CiLCA qualification + Sec. 7 module H&S qualification via SALC Training & CPD sessions etc as appropriate</i>	Status of Clerk as RFO confirmed. No legislative or procedural changes introduced in the year sufficient to justify specific training or updating. SALC training courses regularly noted and Clerk aware of the need to maintain skill / knowledge base.
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's & Financial Regulations paras. 11 & 12. Paper trail interrogated as necessary to ensure compliant process where appropriate.</i>	New S.O. constraints noted and Councillors aware on a monthly basis that procedures are properly followed.
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 19.05.07</i>	Confirmed as seen by all Councillors in papers to Annual Meeting.
1.6	The insurance policies in place are adequate and appropriate.	<i>Insurance files. Reference to recently settled Jubilee Hall roof claim Awareness of emerging need for cover at Wesley / Greene King site</i>	Noted that Jubilee roof claim settled entirely and properly. Cover in place re Wesley on-going project and actively sought re possibility of acquisition of Greene King site.

1.7	The Council's unallocated reserves are adequate	<i>Monthly financial reports as tabled at ordinary meetings.</i>	Current contingency covered adequately. Suggest re-visit next year in light of possible large increase in Council estate and responsibilities (NB Greene King site / Wesley)
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 as published on web site Note Annual Meeting approval of accounts, including relevant Register extracts at 19.05.06</i>	All noted and accepted as sound.
1.9	Minutes of Council and Committee meetings are properly maintained and available and demonstrate no unexpected financial activity.	<i>Current practice; Minutes file; Up to date copies on web site</i>	All noted and accepted as sound.
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 requiring individual USB device for access Data Protection registration, automatic annual renewal by Direct Debit Recent measures to address vulnerabilities posed by increased use of on-line payments / internet banking</i>	All noted and accepted as sound. Recommend confirming with Solicitors that passwords are safely lodged with them.
1.11	Council is complying with the relevant requirements of the Local Government Transparency Code 2015 as it relates to annual income / expenditure.	<i>Not applicable given t/o in excess of lower threshold; noted compliance in most regards as representing good practice. Note current Scribe accounting package works day-to day on R&P basis allowing that income / expenditure levels will require filing in Annual Return as I&E. New Scribe accounts package make this transition automatic.</i>	All noted and accepted as sound. Noted that, as a matter of good practice, Transparency Code publication requirements are satisfied although not applicable to EPC.
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 Confirm that Chairman now signs actual bank statements as showing accurate relationship with published figures & computer printouts at monthly meetings as per specific agenda item which is minuted.</i>	Physical check carried out across complete paper trail and records seen to be correct in all regards.

2.2	All income due is received.		
2.2.1		<i>1 or more Interment chosen at random and checked as to correct fees charged and fees collected and banked;</i>	An identified burial traced from Register to bank statement and seen to be properly recorded.
2.2.2		<i>1 or more allotment chosen at random and checked as to correct fees charged and fees collected and banked;</i>	Recent new tenancy traced from allotment plan to bank statement and properly recorded throughout.
2.2.3		<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>	Station rent S.O. selected at random and confirmed as paid, properly banked and recorded.
2.2.4		<i>The precept agreed by Council was properly registered and received.</i>	Confirmed payment in 2 equal tranches as per monthly Financial Overview.
2.2.5		<i>CIL income identified as being ring-fenced and related expenditures as properly made on capital items only.</i>	
2.3	All due payments are properly made.		
2.3.1		<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>	Checked and confirmed correct.
2.3.2		<i>Random check(s) made on payments to contracted agencies – cemetery maintenance, Crown Mill maintenance to confirm debit from Council's account;</i>	Top Gardens contractor checked and agreed correct.
2.3.3		<i>Random check(s) made on general expenditures to confirm sound paper trail from invoice to bank statement;</i>	Random invoice from alphabetic file selected and traced; all in order.
2.3.4		<i>Check(s) on the audit trail relating to vat-able supplies to confirm VAT claimed and received;</i>	VAT-liable invoice traced through to HMRC repayment and found to be correct.
2.3.5		<i>Random check(s) made on allowances made to Councillors and Clerk in respect of travel or other authorised activities;</i>	Confirmed no Councillor claims in the year. One Clerk's reimbursement checked as valid and paid. Noted that Council credit card now operative.
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>	
2.3.7		<i>Random check(s) on any expenditures made under s137 to confirm that these are properly made and recorded</i>	Council's GPC status means no s137 payments necessary. Computer generated printouts accepted as demonstrating sound and proper practice.
2.3.8		<i>Random check(s) to confirm that PAYE / NIC is properly calculated, recorded and paid</i>	
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 as approved at Annual Meeting ref. 19.05.06.

3.2	Funds are appropriately deposited to maximise interest without jeopardising liquidity	<i>Co-op bank statements Deposit Account statements</i>	Noted that new Deposit Account yielding 0.5% on substantial capital held towards Wesley costs.
3.3	That debtors and creditors are properly recorded	<i>Noting that Council makes no supplies, no invoices are issued and no debtors ensue. Money that is owed would be attributable to small areas of financial activity, well policed in themselves, such as allotments / cemetery. Creditors are paid immediately and turnover is relatively low. Outstanding purchase invoices show on the accounts package The end of year Balance Sheet is the formal check and, historically, this shows only invoices issued close to the Year End not yet processed.</i>	Noted that only end-of-year I&E printout shows debtors & creditors as a de minimis factor raising no concerns.
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>	Latest Contract examined and found to be sound. Recommend Job Descriptions be appended when appropriate following discussion with incumbents.
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	Random entry from Register traced through paper trail to bank statement and noted that all properly levied, received and recorded. Noted that register now digitally recorded, updated and held away from the hard copy as a matter of fire / damage security.

5.2	That the allotment lettings are managed properly and that the relevant regulations and fees are appropriate.	Allotment plan, letting agreements	Documents inspected; confirmed as appropriate and in order.
5.3	That dealings with external agencies , particularly SCC &MSDC, are effective, efficient and appropriate.	Examples include: SCC lighting / highways MSDC Waste & recycling / Christmas trees SALC / SLCC / Police	Accepted that the continued excellent relationship between the Clerk's office and other agencies serves the community well.
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	All noted as proper, effective & efficient. Recommend job description review includes staff input.
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	Noted that the combination of hours dedicated to Blackbourne letting / management combined with general council administration allows for, effectively, 5-full-day-per week office cover, which exceeds the service offered by comparable Councils.
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. 19.11.19</i>	Appointment 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.	19.05.08 refers	Approval noted.
7	<i>The inspecting Councillors will review the External Auditors report for year ended 31.03.19</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 2018/19 relevant Minutes refer at 19.05.10 / 11	Council Approval noted.
7.2	Note action required relating to the comments from the Auditor	PKF Littlejohn External Audit Report and Certificate 2018/19 relevant Minutes refer at 19.05.10 / 11	Noted, no action required.
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 2018/19 relevant Minute refers at 19.05.10 / 11	Noted, no action required.
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	The Clerk reinforced the need for more office space, as planned in the forthcoming Chamberlayne expansion programme, to help cope with the extra workload as the village grows, as Wesley comes on stream, as the Greene King site acquisition looks to be a realistic next project and in light of the possibility of the expansion of the Blackbourne site.	

9	Recommendations to be noted	
9.1	That the Unallocated Reserve level be reviewed at the next Inspection taking account of the Council's likely increased estate, responsibilities and activity.	
9.2	That it is suggested to the BWMA that an inspection of the relevant records is made by an independent and qualified individual testing that receipts are accounted for from booking through to banking and that Heather Heelis be put forward as appropriate for the task.	
9.3	That the facility of the Green Cemetery be more widely publicised and that co-ordinates be physically established on the ground towards plot identification.	
9.4	That job descriptions be drawn up for all Council employed posts with the co-operation of the incumbents as appropriate.	
9.5	That confirmation is sought from Messrs Burnett Barker that they continue to hold the passwords for the Council's computer access.	

Noted:

This review takes account of the JPAG document Governance and Accountability for Smaller Authorities in England, a Practitioners' Guide March 2019, 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 19.12.14 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. The process took account of SALC advice 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	Signed	Signed
<i>Fred Pallett</i>	<i>David Barker</i>	<i>Sue Roots</i>
Cllr Fred Pallett as Chairman of Council	Cllr David Barker as Vice chairman of Council	Cllr Sue Roots