



## Whiteley Parish Council

# Risk Assessment of Financial and Non-Financial Internal Audit Controls MAY 2010

*Document Owner:* Parish Clerk

*Version:* 2.0

# Document Control

## Summary of Changes

Version Number	Version Date	Change	Date Approved
1.0	6.4.09		6.4.09
2.0	10.5.10		19.5.10

## Document Approvers

Position	Name
Parish Council Chairman	Mike Evans

## Notification List

*People who must be informed of changes*

Position/Function	Name
All Parish Councillors	

## 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.whiteleypc.info](http://www.whiteleypc.info)

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# 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 Governance and Accountability for Local Councils A Practitioner's Guide 2010 (England)*

## 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 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
- External Audit Governance
- Quality Parish Status Test
- 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
PC	Parish 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. Last review adopted by Full Council 7 <sup>th</sup> July 2008	NALC published new Standing Orders in March 2010	New model to be considered and adopted in 2010
1.1.2	Committee terms of reference are reviewed at least every four years. Last reviews during 2007	New SOs require annual review of policies and procedures	Committees to review and make recommendation to Full Council by September 2010
<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	New SOs require annual review of policies and procedures	SD&P Committee to review by September 2010
1.2.2	A Corporate Strategy is produced annually.	2010/11 Draft Strategy to be adopted	SD&P Committee to make recommendations to Full Council 7 <sup>th</sup> June 2010
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.		

No.	Internal Controls	Risks identified / potential for improvements	Action required
1.3.2	Finance Regulations have been adopted which set out procedures. They are reviewed at least every four years. Last review adopted by Full Council 5 <sup>th</sup> November 2007	New SOs require annual review of policies and procedures	SD&P Committee to review by September 2010
1.3.3	Grant application terms and conditions have been adopted and are reviewed regularly	New SOs require annual review of policies and procedures	SD&P Committee to review by September 2010
<b>1.4</b>	<b>Freedom of Information</b>		
1.4.1	The Council has adopted the revised Model Publication Scheme at Full Council 10 <sup>th</sup> November 2008	New SOs require annual review of policies and procedures	SD&P Committee to review by September 2010
<b>1.5</b>	<b>Complaints Procedure</b>		
1.5.1	The Council has a complaints procedure last reviewed at Full Council 5 <sup>th</sup> November 2007	New SOs require annual review of policies and procedures	SD&P Committee to review by September 2010
<b>1.6</b>	<b>Measures to prevent fraud and corruption</b>		
1.6.1	The Council has adopted a Model Code of Conduct 16 <sup>th</sup> July 2007 including para 12(2) date 3 <sup>rd</sup> September 2007	New Code of Conduct expected to be published in 2010	Review and adopt when published
1.6.2	All Councillors sign a Declaration of Acceptance of Office on election or co-option		None
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		None

No.	Internal Controls	Risks identified / potential for improvements	Action required
1.6.4	There is an agenda item for Councillor Declaration of Interests on Committee and Full Council agendas		None
<b>1.7</b>	<b>Insurable risks</b>		
1.7.2	Public Liability insurance is held in the sum of £5 million to protect the Council from claims by third parties due to accident of damage resulting from the negligence of the Council Zurich Municipal Policy No YLL-122028-7773	This is the recommended cover for local authorities	Review insurance when renewed in September 2010
<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	All information on website, search facility added in 2009	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 PC is required to hold through legislation. EI covers the legal liability of the Parish Council for negligence following death or bodily injury		None

No.	Internal Controls	Risks identified / potential for improvements	Action required
	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 Municipal Policy No YLL-122028-7773		
<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
1.10.3	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	Legal powers noted on precept/budget calculations	
1.10.4	Notice of audit displayed on four Parish notice boards to allow electors to inspect accounts as required by Accounts and Audit Regs		None
1.10.5	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>	Develop procedure for risk assessing new project proposals such as Meadowside rec, play areas, skatepark	Clerk/RFO when decisions on devolution made

No.	Internal Controls	Risks identified / potential for improvements	Action required
1.10.6	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
1.10.7	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 2009.10		None
<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, back up disc and remotely (MozyHome Remote Backup)	Clerk is only holder of Money Manager software.	All information on website, search facility added in 2009
2.1.2	The cash book is balanced against bank statements to ensure arithmetically correct on a monthly basis		None
<b>2.2</b>	<b>Payment Controls</b>		
2.2.1	A list of cheque payments is prepared for the monthly, Full Council meeting with the invoices also available for		None

No.	Internal Controls	Risks identified / potential for improvements	Action required
	inspection. The Councillors discuss & approve these payments, Cheques are then signed by any 2 (from the 4 approved) and the stubs initialled. Approval of accounts for payment is recorded in minutes.		
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
2.2.3	S.137 payments are shown in a separate column in the cashbook. The calculation of the formula level is noted in the Statement of Accounts.		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
2.3.2	Clerk/ RFO presents a quarterly income and expenditure update to the Finance Committee or Full Council		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

No.	Internal Controls	Risks identified / potential for improvements	Action required
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
<b>2.5</b>	<b>Petty Cash Procedures</b>		
2.5.1	No petty cash is held		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 55.8p, also monthly allowances of £33 for home office use and £30 for telephone & internet usage		None
2.6.3	PAYE/NIC is paid quarterly to the Inland Revenue		None
2.6.4	Superannuation payments are made monthly to HCC in accordance with current rates provided. 19.1% x employee's salary for 20010/11		None
<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
2.7.2	Expenses paid using figures within the Parish Remuneration Panel September 2006: Review of Allowances for Parish Councils within the Winchester District including Travelling and Subsistence Allowances.		None

No.	Internal Controls	Risks identified / potential for improvements	Action required
<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
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
<b>2.9</b>	<b>Asset controls - Insurable risks</b>		
2.9.1	Finance Regs Para 15 provide for the RFO to effect all insurance following an annual risk assessment		None
2.9.2	Annual risk assessment reviewed and updated in respect of assets:		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
2.9.4	Assets covered by Material damage and All risks cover Zurich Municipal Policy No YLL-122028-7773	Review in time for renewal of policy 1 <sup>st</sup> September 2010	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

No.	Internal Controls	Risks identified / potential for improvements	Action required
2.9.2	Monthly bank reconciliations are undertaken by the RFO & signed off on the bank statements.		None
2.9.3	Any adjustments for interest/ bank charges/ unpaid cheques are noted in the cashbook, if they occur		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
2.10.2	Full cross casting of the cashbook is agreed to the final accounts		None
2.10.3	An audit trail is provided by numbering invoices, cost coding in the budget/precept, cashbook, and final accounts		None
<b>3</b>	<b>Quality Parish Status tests 2008 edition</b>		
<b>3.1</b>	<b>Electoral mandate</b>		
3.1.1	Council fully elected at last election held May 2007	Election in 2011	Promote election to encourage more residents to stand Action SD&P Committee
<b>3.2</b>	<b>Qualifications of Clerk</b>		
3.2.1	Clerk holds CILCA (Certificate in Local Council Administration)		None

No.	Internal Controls	Risks identified / potential for improvements	Action required
<b>3.3</b>	<b>Meetings</b>		
3.3.1	Meeting policy set out in Standing Orders, notices are provided three clear days before meeting on four notice boards and on website, draft minutes are published prior to the next meeting, time is set aside for public participation		None
<b>3.4</b>	<b>Communications - mandatory</b>		
3.4.1	The PC has a website that is regularly updated	Website redesigned using CSS in 2009, complies with latest accessibility standards	Ongoing improvements
3.4.2	The PC has an email address that is widely published notice boards, Whiteley Voice, website		Ongoing improvements
3.4.4	Parish Council information is placed on the four notice boards and website and updated regularly	Look at whether communication procedures could be improved	GP Committee
<b>3.5</b>	<b>Communications – discretionary (nine needed from list )</b>		
3.5.1	Annual report is delivered to every household in the Parish with the summer edition of Whiteley Voice 1	Continue to develop annual report	Ongoing improvements
3.5.2	Annual report includes a summary of report of council activities throughout the year 2	As above	Ditto
3.5.3	Whiteley has a Parish Plan published in 2004 3	Revised Parish Plan completed	Action plan adopted in 2009
3.5.4	Provision of access point for details on local government services and parish council activities	Not provided by PC but WCC spends a day a week in Whiteley, may be scope to extend with the hub	

No.	Internal Controls	Risks identified / potential for improvements	Action required
3.5.5	Access point linked to district and county councils 4	See above	
3.5.6	Information about local government services and parish council activities distributed to every household	Parish Activities are published on notice boards, website and Whiteley Voice which is distributed to every household	Ongoing improvements
3.5.7	Whiteley PC has links with other community organisations: Meadowside Leisure Centre, Church, Whiteley Primary School, Henry Cort, Whiteley Scouts 5	Continue to develop links	
3.5.8	Adoption of a community engagement strategy 6	Draft produced	Adopt in 2010
3.5.9	Provision of blog, online forums / surveys on website	Introduction of polls proposed	Trial in 2010
3.5.10	Holding of regular surgeries for local residents	Not held, public sessions at each meeting instead	Discuss whether necessary
3.5.11	Residents are consulted on planning matters, WCC notifies neighbours and advises contact with the PC, Planning Committee agendas are published on notice boards and website 7		Ongoing improvements
3.5.12	Keep relevant principle authorities informed of PC activities 8		Whiteley Voice sent to WCC Cabinet members
3.5.13	Publicising could activities in local libraries/shops/other public places	No use notice boards	
3.5.14	Publicising activities in press	Press releases are made from time to time	More could be done here
3.5.15	Include parish council activities in district council publication	Not invited to do so	Whiteley Voice is more effective
3.5.16	Consulting with electorate on local issues	Consultations are undertaken when	Ensure consultation carried out as

No.	Internal Controls	Risks identified / potential for improvements	Action required
	9	appropriate eg Proposal to build school on Meadowside Rec	appropriate
3.5.17	Provision of information leaflets/brochures on the Council's work	Not relevant at present	
<b>3.6</b>	<b>Annual Report</b>		
3.6.1	Annual report is completed and published by 30 <sup>th</sup> June of the following year, is available to any elector, placed on notice boards and website and delivered to every household in parish with Parish Magazine, councillor contacts are included, a summary of accounts and a Chairman's overview.		None
<b>3.7</b>	<b>Accounts</b>		
3.7.1	Accounts are prepared in accordance with statutory requirements, approved within three months of the accounting date and published within six months		None
<b>3.8</b>	<b>Code of Conduct</b>		
3.8.1	See item 1.5.1 above		
<b>3.9</b>	<b>Promoting Local Democracy and Citizenship</b>		
3.9.1	The PC actively supports local democracy and citizenship through its public session at meetings, making information widely available through use of notice boards, website and Whiteley Voice.	Identify ways to improve this further	Identify and implement ways to improve further

No.	Internal Controls	Risks identified / potential for improvements	Action required
<b>3.10</b>	<b>Clerks Contract Terms and Conditions</b>		
3.10.1	PC has adopted NALC/SLCC Terms and Conditions for Clerk and contract of employment signed		None
<b>3.11</b>	<b>Training</b>		
3.11.1	Council has evaluated and identified training needs for staff and members	Training strategy to be developed	Draft prepared, for discussion at June SD&P Committee
<b>4</b>	<b>Power of Wellbeing qualification criteria</b>		
4.1	Two thirds of vacancies filled at last election		None 2007 election was contested
4.2	Clerk is qualified		None Clerk has CiLCA
4.3	80% of members must be trained in the use of the PoWb	Clerk to ensure all councillors trained	Register of untrained councillors to be kept, training opportunities to be offered
4.4	Statement of Community Engagement published	Not in place	Draft prepared, for discussion at June SD&P Committee
4.5	Council has decided it is satisfied the activity proposed will promote wellbeing and recorded its reference to the sustainable community strategy of its principal authority	Eligibility not resolved	
4.6	Council has referred to any relevant guidance issued by the Secretary of State	N/A	
4.7	Council has determined its eligibility by resolving that the above conditions have been met	N/A	