

Peasehall Parish Council - Internal Controls 2019/2020

The Accounts & Audit (Amendment) (England) Regulations 2015 aims to strengthen governance and accountability through requirements related to internal control and internal audit.

Whilst the Council has reviewed the effectiveness of the internal audit (independence, competence, proportionate and scope) it has a requirement levied on it to ensure that its financial management is adequate and effective and that it has a sound system of internal control:

'The regulations require active participation by members in providing positive assurance to the electors of their stewardship of public money. The framework of accountability is risk-based ie the level of control and management must be appropriate to the risk involved. The Council must determine the most appropriate method of internal control...care should be taken to ensure that internal control tests are proportionate and relevant and that they are not seen as, nor intended as, undue interference in the RFO's day to day management of financial affairs'.

As part of its internal controls, the Council conducts a review of the system of internal controls via the following tests on an annual basis with a written report of any findings submitted to the Council and minuted as received.

Control Test	Comments
Ensure the Asset Register is up to date.	Council reviewed and approved the Asset Register on 29/01/20. The Clerk updates the register following every purchase.
Regular maintenance arrangement for physical assets.	The Chairman conducted a review of the village assets and reported the results to the Council on 29/01/20. Any necessary remedial action identified is being undertaken.
Annual review of the Risk Assessment, including financial risk.	Council reviewed and approved the Risk Assessment on 29/01/20.
Annual review of adequacy of insurance.	Council reviewed and approved the insurance cover on 15/05/19 including the Fidelity Guarantee cover.
Awareness of Standing Orders.	Model Standing Orders have been adopted and Council noted on 15/05/19 that NALC had made no amendments to the document. Council again reviewed and approved the Model Standing Orders on 29/01/20.
Awareness of Financial Regulations.	Model Financial Regulations have been adopted and Council noted on 15/05/19 that the 2016 amendments to the document were still valid. Council again reviewed and approved the Model Financial Regulations on 29/01/20.
Regular bank reconciliation, independently reviewed.	Council reviewed and approved bank reconciliations on: Quarter 4 2018/2019 - 15/05/19 Quarter 1 2019/2020 - 30/10/19 Quarter 2 2019/2020 - 27/11/19 Quarter 3 2019/2020 - 29/01/20 Bank reconciliations are signed by a Councillor who is not a bank account signatory.
Regular scrutiny of Cash Book to ensure income and expenditure correctly recorded.	The Cash Book is scrutinised as part of the quarterly bank reconciliation process.

Ensure annual budget for the following financial year is approved.	Council reviewed and approved the budget for the financial year 2020/2021 on 27/11/19.
Ensure precept level for the following financial year is approved based on annual budget.	Council reviewed and approved the precept level for the financial year 2020/2021, based on annual budget, on 27/11/19.
Proper arrangements are in place for the approval of expenditure.	Every item of expenditure is proposed and seconded by members, voted on and recorded in the minutes. Quotations are considered and approved if applicable.
Recording in minutes the precise powers under which expenditure is approved.	Since October 2019, every item of expenditure has the power recorded in the minutes.
Payments supported by invoices, authorised and minuted.	Every payment is supported by an invoice, authorised by the Council and minuted at every meeting. Cheques are signed by two authorised signatories, invoices and cheque stubs are initialled.
Ensure the maximum amount of s137 expenditure is calculated annually and reported to Council.	No evidence of calculation nor reporting to Council. This will be rectified next financial year.
Ensure income, including precept, is correctly received, recorded and banked.	All income received is minuted at meetings. Income is received by cheques which are banked regularly and by direct bank transfer.
Ensure all staff have an Employment Contract.	The Clerk/RFO has an Employment Contract.
Records are updated to record changes in legislation.	Regular bulletins are received from SALC informing the Clerk of any changes in legislation. The Clerk regularly attends training sessions delivered by SALC and ESC. Records are updated as necessary.
PAYE/NIC/Pension properly operated by the Council as an employer.	Employer filing obligations are met by outsourcing payroll duties to SALC. Any PAYE/NIC due is notified to the Council by a SALC payslip at quarterly meetings and is paid by Council cheque. Council noted compliance with the Pensions legislation on 26/02/20.
VAT correctly accounted for and VAT payments identified, recorded and reclaimed.	All VAT is recorded in a separate column in the Cash Book and reclaimed annually. VAT paid from November 2015 to October 2019 was reclaimed on 06/11/19. VAT to be recovered from the remainder of the financial year is less than £100.
Regular financial reporting to Council.	The Council notes its financial position at every meeting.
Quarterly budget monitoring statements reported to Council.	Not completed this financial year. Council will review and approve quarterly budget versus actual income and expenditure next financial year.
CIL reporting to Parish and District Councils in accordance with legislation.	No CIL payments were received during the financial year 2019/2020.
CIL expenditure in accordance with legislation.	n/a
Compliance with Local Transparency Code.	Compliance is demonstrated by the following records published on the Parish Council page on the village website: Items of Expenditure Over £100 2018/2019 Annual Accounts 2018/2019 End of Year Bank Reconciliation 2018/2019

	<p>Annual Governance Statement 2018/2019</p> <p>Internal Audit Report 2018/2019</p> <p>List of Councillor Responsibilities</p> <p>Details of Land and Public Buildings</p> <p>Minutes and Agendas and Meeting Papers</p>
Compliance with GDPR - Council registered as a Data Controller.	Council registered as a Data Controller on 10/03/20.
Compliance with GDPR - progress made towards meeting the requirements.	<p>Data Protection Policy adopted 28/11/18.</p> <p>Subject Access Request Policy and Procedure approved on 26/02/20.</p> <p>Personal Data Audit approved on 26/02/20.</p> <p>Data Protection Impact Assessment template noted but not required this year.</p> <p>All paper records have been reviewed and rationalised.</p> <p>Paper records are kept securely in a clear, identifiable filing system.</p>
Minutes consecutively numbered, signed and stored adequately for safe-keeping.	<p>Minutes approved and signed at every meeting.</p> <p>Minutes stored in a metal filing cabinet which only the Clerk can access.</p>
Procedures in place for recording and monitoring Members' Interests.	Every new Member completes a Register of Interests form and files with the District Council. Members are asked to declare any interests at every meeting and these are recorded in the minutes.
Adoption of Local Code of Conduct.	Council re-adopted the Code on 29/01/20.
Completion of Declaration of Acceptance of Office for Chairman and Co-Opted Members.	All members elected this financial year and all completed a Declaration of Acceptance of Office including the Chairman and Vice-Chairman on 15/05/19.

Report of system of Internal Controls reviewed by Council by email by 31st March 2020.