

Cromer Town Council

Risk Assessment of Financial and Non-Financial Internal Audit Controls

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Next review May 2018

Document Control

Document Approvers

Town Council	

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

Document Overview

Purpose

This document is designed to ensure the Town 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

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

Cromer Town Council is committed to improving, wherever possible, its service to the Town. 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

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
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	Adopt revised wording for Conflict of Interest when received
1.1.2	Committee terms of reference are reviewed at least every four years.	Reviewed every year by the ctte	Review by full Council every 4 years
1.2	Management strategies		
1.2.1	Committees have identified and adopted key objectives	Not done	For consideration by cttes

1.3	Financial Regulations		
1.3.1	The Clerk is appointed Responsible Financial Officer, with the duties detailed in the Financial regulations.		
1.3.2	Finance Regulations have been adopted which set out procedures. They are reviewed at least every four years.	Reviewed annually	
1.3.3	Grant application terms and conditions have been adopted and are reviewed regularly	Reviewed and amended	For review

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
1.4	Freedom of Information		
1.4.1	The Council has adopted the revised Model Publication Scheme at Full Council	Due for review	Agenda for Policy & Resource Committee
1.5	Complaints Procedure		
1.5.1	The Council has a complaints procedure and persistent complaints policy	Due for review	Agenda for review at Policy & Resource Committee
1.6	Measures to prevent fraud and corruption		
1.6.1	The Council has adopted the NALC Model Code of Conduct		
1.6.2	All Councillors sign a Declaration of Acceptance of Office on election or co-option	None, all received	
1.6.3	All Councillors complete a Register of Interests and provide updated information as appropriate. Copies are held with the Council and NNDC Monitoring Officer	None, all received. Reminders needed for these to be regularly updated	Cllrs to be asked to review after annual meeting
1.6.4	There is an agenda item for Councillor Declaration of Interests on Committee and Full Council agendas		None

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
1.7	Insurable risks		
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.	This is £5 million more than the minimum cover for local authorities	Review insurance when renewed in May
1.8	Employment controls		
1.8.1	Clerk, Deputy Clerk and Admin Assistant are the only employees, contracts reviewed and amended in 20/2/13 by Personnel sub-Ctte		To be reviewed after one year
1.8.2	Standing Orders and job description outline Clerk's role which includes that of Responsible Financial Officer		None
1.9	Insurable risks		
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 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		None
1.10	External Audit annual governance statement requirements		
1.10.1	Statement of accounts formally approved by Council following recommendation by Policy & Resources Committee	Improvement to presentation of accounts required	In progress to provide running balance

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
1.10.2	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	
1.10.3	Notice of audit displayed on three Town Council notice boards to allow electors to inspect accounts as required by Accounts and Audit Regs		None
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: This document Annual asset risk assessments carried out for list of assets	Develop procedure for risk assessing new project proposals such as Purchase of Land	To include an overall risk assessment in all Business plans
1.10.5	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
1.10.6	Litigation, liabilities, commitments, events or transactions occurring after the year end which could have an impact on the Council are disclosed.		None

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2	Financial controls		
2.1	Proper Bookkeeping		
2.1.1	Cashbook is maintained using computer system. Software it is updated regularly. Records are held on Clerk's computer and on back up disc		
2.1.2	The cash book is balanced against bank statements to ensure arithmetically correct on a monthly basis		None
2.2	Payment Controls		
2.2.1	A list of cheque payments is prepared for the monthly, Full Council meeting with the invoices also available for inspection. The Councillors discuss & approve these payments, Cheques are then signed by any 2 (from the 3 approved) and the stubs initialled. Approval of accounts for payment is recorded in minutes.		None
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.	No back-up as a manual system Need to move to computer system	As 2.1.1
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

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2.3	Budgetary Controls		
2.3.1	The Council sets a budget on advice from the Policy & Resources committee in November this is then approved by Full Council		
2.3.2	Clerk/ RFO presents a quarterly income and expenditure update to the Policy & Resources Committee or Full Council	Done monthly with bank reconciliation	None
2.4	Income Controls		
2.4.1	All income is maintained in a single cashbook		None
2.4.2	NNDC issues a remittance advice which confirms the precept that is paid directly into the Council's deposit bank a/c		None
2.5	Petty Cash Procedures		
2.5.1	No petty cash is held		None
2.6	Payroll Controls		
2.6.2	The Clerk is eligible to be paid expenses for any official mileage		None
2.6.3	PAYE/NIC is paid monthly to the Inland Revenue		

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2.6.4	Superannuation payments are made monthly to NCC in accordance with current rates provided		None
2.7	Councillor / Mayor's expenses		
2.7.1	A sum is included in the precept for Mayor's allowance	No guidance available as to how this can be used	Briefing sheet to be agreed by Policy & Resource Committee and provided to appointees
2.7.2	Expenses for travel paid in line with NALC	Guidance should be available	As 2.7.1
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		None
2.8.2	Cash balances are held in a deposit account for ease of access. Community a/c requires 2 signatures with £500 limit Clerk's disbursement a/c – no limit	Needs review and limit placed on disbursement a/c	For Policy & Resource Committee to review and ensure appropriate limits
2.9	Asset controls - Insurable risks		
2.9.1	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

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
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	Review in time for renewal of policy	Review prior to renewal
2.9.5	Insurance provider reviewed from time to time for competitive pricing		Review annually
2.9	Bank Reconciliation		
2.9.1	The two bank accounts are reconciled by the RFO.		None
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
2.10	Year end procedures		
2.10.1	Accounts are prepared on a receipts and payments basis		None
2.10.2	Full cross casting of the cashbook is agreed to the final accounts		None

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
2.10.3	An audit trail is provided by numbering invoices, cost coding in the budget/precept, cashbook, and final accounts		None
3	Quality Parish Status tests 2008 edition		
	To be re-instated when possible		To follow new criteria when available
3.1	Electoral mandate		
3.1.1	Council elected at last election		
3.2	Qualifications of Clerk		
3.2.1	Clerk and Deputy Clerk holds CILCA (Certificate in Local Council Administration)		None
3.3	Meetings		
3.3.1	Meeting policy set out in Standing Orders, notices are provided three clear days before meeting on three notice boards and on website, draft minutes are published prior to the next meeting, time is set aside for public participation		None
3.4	Communications - mandatory		
3.4.1	The TC has a website that is regularly updated	Website redesigned in 2012, complies with latest accessibility standards	Ongoing improvements
3.4.2	The TC has an email address that is widely published notice boards, & website		Ongoing improvements

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
3.4.4	Parish Council information is placed on the 3 notice boards and website and updated regularly	Look at whether communication procedures could be improved	Promotions Committee
3.5	Communications – discretionary (nine needed from list)		
3.5.1	Annual report is delivered to every household in the Parish		
3.5.2	Annual report includes a summary of report of council activities throughout the year	As above	Ditto
3.5.3	Cromer has a Parish Plan		
3.5.4	Provision of access point for details on local government services and parish council activities	Not provided by TC but callers directed to NNDC, NCC or to Merchants place for further info	Further develop information links with Merchants Place
3.5.5	Access point linked to district and county councils	See above	
3.5.6	Information about local government services and town council activities distributed to every household	Town activities are published on notice Boards and website	Ongoing improvements
3.5.7	Cromer TC has links with other community organisations	Continue to develop links	
3.5.8	Adoption of a community engagement strategy	Annual Town Meeting and Open Day	Review how TC activities are advertised/communicated

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
3.5.9	Provision of facebook, twitter and other online activities	Significant risk of abuse	Need formal process to monitor
3.5.10	Holding of regular surgeries for local residents	Not held, public sessions at each meeting instead	None
3.5.11	Residents are consulted on planning matters, NNDC notifies neighbours and advises contact with the PC, Planning Committee agendas are published on notice boards and website		
3.5.12	Keep relevant principle authorities informed of TC activities	Potential for conflicting perspectives	County & District Cllrs attend meetings
3.5.13	Publicising council 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	NNDC has abandoned its magazine	
3.5.16	Consulting with electorate on local issues	Consultations to be undertaken when appropriate eg North Lodge Park	Ensure consultation carried out as appropriate
3.5.17	Provision of information leaflets/brochures on the Council's work	Not relevant or cost effective at present	
3.6	Annual Report		
3.6.1	Annual report is completed and published by 30 th June of the following year, is available to any elector, placed on notice boards and website and delivered to every household in town, councillor contacts are included, a summary of accounts and the Mayor's overview.		

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
3.7	Accounts		
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
3.8	Code of Conduct		
3.8.1	See item 1.5.1 above		
3.9	Promoting Local Democracy and Citizenship		
3.9.1	The TC actively supports local democracy and citizenship through its public session at meetings, making information widely available through use of notice boards and website.	Identify ways to improve this further	Identify and implement ways to improve further, agenda item for all committees
3.10	Clerks Contract Terms and Conditions		
3.10.1	PC has adopted NALC Terms and Conditions for Clerk and Deputy Clerk and contract of employment signed		None
3.11	Training		
3.11.1	Council has evaluated and identified training needs for staff and members	Training approved as and when	

4	General Power of Competence	Adopted 2013	

No.	Internal Controls	Risks identified / potential for Improvements/current procedure	Action required
4.1	Two thirds of vacancies filled at last election	None	
4.2	Clerk is qualified		None Clerk has CiLCA