

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 15.01.16 by the Chairman and Vice Chairman of Council.

[The absence of Cllr Gunby, nominated by Council to attend as the 3rd examiner, was noted.]

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 – modifications noted as Minute 14.09.14 Confirmation that all Cllrs. Issued with revised document.</i>	All Councillors well aware of Standing Orders following recent multiple amendments and a copy circulated 19.10.15
1.2	The Clerk is properly appointed as Responsible Finance Officer and undertakes professional development sufficient to maintain an up to date grasp of relevant current legislation and good practice.	<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: 13.02.15 QPS SALC SALC Networking 05.03.15 / 11.09.15 / 09.12.15 09.03.15 SCC ref Neighbourhood Planning 13.03.15 MSDC ref Neighbourhood Planning</i>	Noted that Standing Orders properly require the Clerk's status as RFO and that this is confirmed in the Clerk's Contract of Employment. Training and CPD noted and adequate. Training and CPD reported in Clerk's Report to ordinary meetings.
1.3	The Clerk is properly aware of the requirements of s43 (2) of the Local Audit and Accountability Act 2014 regarding the recording of decisions made by him as Proper Officer.	<i>DCLG document 'Open and accountable local government' & NALC Legal Topic Note 1</i>	Both documents to hand and decisions, as required by those documents, noted as appropriate in monthly Clerk's report to ordinary meetings.
1.4	Risk assessments are adequate and any shortcomings noted by the Internal Auditor are adequately addressed.	<i>RA files; Note confirmation at 15.05.08</i>	Annual and weekly Risk Assessments examined and in order. Confirmed that Annual Meeting agenda includes Council's noting of RA's

1.5	The insurance policies in place are adequate and appropriate	<i>Insurance files.</i>	Policies examined and found to be satisfactory re: Council, Blackbourne, Youth Club & Footpath Walking Group
1.6	The Council's unallocated reserves are adequate.	<i>Monthly financial reports as tabled at ordinary meetings.</i>	Noted that reserves, currently £20,000, have not been called upon in past 12 years.
1.7	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 15.05.06</i>	Annual updating noted and reflected in document tabled to Annual Meeting.
1.8	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</i>	Monthly document the subject of monthly confirmation by formal resolution. Library and SCC Records Office deposit noted.
1.9	They are aware of the risks which might attend the loss of the Clerk, the Clerk's office or the Council's data and / or files.	<i>Alternative office accommodation provision noted Sudden loss of Clerk – continuity via clerical support team Loss of data – back-ups adequate</i>	Facilities now available at Blackbourne noted as adequate. Clerical support team able to effect transition in the event of the loss of the current Clerk postholder. Potential loss of documents through fire flagged up and, therefore, facilities to allow electronic scanning & storage recommended at 9 below. Second computer needed for security of Sage data & convenience of dual working. See recommendation at 9 below. Other back-up arrangements seen as adequate.

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 Undertaking by clerical support assistants Data Protection registration, automatic annual renewal by Direct Debit</i>	Confirmed that computer passwords lodged with Burnett Barker solicitors. Recent examples of fraud in the sector discussed and adequate safeguards confirmed to prevent similar activity at 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</i>	Complete paper trail followed from randomly chosen invoice through to bank statement. All checks out and in order.

2.2	All income due is received.		
	2.2.1	<i>1 Interment chosen at random and checked as to correct fees charged and fees collected and banked;</i>	Examined by reference to random Cemetery register entry and paper trail through to banking. All correct and in order.
	2.2.2	<i>1 allotment chosen at random and checked as to correct fees charged and fees collected and banked;</i>	Examined by reference to random plot from allotment plan and paper trail through to banking. All correct and in order.
	2.2.3		Examined by reference to random station rent payment and paper trail through to banking. All correct and in order.
	2.2.4	<i>Cross-checks made at random on income as shown on published monthly account schedules re BMA, Station rent etc. to confirm proper payment made and banked;</i> <i>The precept agreed by Council was properly registered and received.</i>	Paper trail from precept form through to bank statements examined and all confirmed correct and in order.

2.3	All due payments are properly made.	<p><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></p> <p><i>Random check(s) made on payments to contracted agencies – cemetery maintenance, Crown Mill maintenance to confirm debit from Council's account;</i></p> <p><i>Random checks made on general expenditures to confirm sound paper trail from invoice to bank statement;</i></p> <p><i>Random check(s) on the audit trail relating to vat-able supplies to confirm VAT claimed and received;</i></p> <p><i>Random check(s) made on allowances made to Councillors and Clerk in respect of travel or other authorised activities;</i></p> <p><i>Random check(s) made on expenses paid to the Clerk or to Councillors to confirm that the expenditure is properly made</i></p>	<p>Trail from computer pay slip to bank statement examined and all confirmed correct and in order.</p> <p>Trail from grass contract invoice to bank statement examined and all confirmed correct and in order.</p> <p>Random payment selected and confirmed correct and in order. Larger supplier record interrogated on computer and confirmed in order.</p> <p>VAT submission form examined at random and tracked to bank statement. Confirmed correct and in order.</p> <p>Noted that no allowances claimed or made by and to either Clerk or councillors.</p> <p>Noted that no allowances claimed or made by and to either Clerk or councillors</p> <p>Noted that, Council having achieved the General Power of Competence, s137 virtually</p>
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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, that the accounts agree with the Sage P&L and that there is an adequate audit trail from underlying financial records to the accounts as prepared for audit	<i>Annual Return Balance sheet P&L</i>	Confirmed that Sage software adequately provides clear audit trail through to Balance Sheet and P&L Account and that this satisfied the Internal Auditor as verified on the Annual Retrn to the ExterbnaI Auditor.
3.2	Funds are appropriately deposited to maximise interest without jeopardising liquidity	<i>Co-op bank statements</i>	Confirmed no deposit account given cost/benefit in current rate climate. Recommend resumption of a deposit account when current rate moves upwards.
3.3	That debtors and creditors are properly recorded	<i>Balance sheet</i>	Sage generated Balance Sheet backed by full reports accepted as sound basis. Noted that Council has no debtors.
4	<i>The inspecting councillors will satisfy themselves that:</i>	by reference to	observations
4.1	Contracts of employment are in place for all employees and that hours worked in respect of hourly paid employees are properly recorded and paid.	<i>Individual contract documents</i>	Caretaker contract examined and found to be in order.

4.2	The allocation of tasks between Clerk and Clerical Support is appropriate and offers best value.	Time sheets Confirmation of Clerical Support hours worked over and above the allocated 52 hrs / month if applicable	2 years' time sheets made available for inspection and random example explained in detail. All seemed to be practically reasonable, justified and in order. Noted that clerical support hours 'owed' exceed 100 and that the charge-out rate of £8.10 ph does not reflect current market rates. Recommendation that the clerical support hours monthly ceiling and charge-out rates be reviewed in line with current market rates.
4.3	That office consumables are economically sourced and properly used.	Relevant invoices compared with other suppliers (catalogues available / internet comparisons available)	Use of internet comparisons noted; example of 'A' board presentation easel cited as good practice.
4.4	That office practices take account of and avoid waste and unnecessary expense.	Consider existing practices re paper, appropriate use of email, and procedures for mailing councillors appropriately	General awareness of prudent, businesslike and frugal approach to office practices observed in day to day dealings with Clerk's office.
5	<i>The inspecting councillors will satisfy themselves that, over and above the review of financial matters, the following will be tested as the councillors 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.	Cemetery Register, alphabetical files	One entry chosen at random and paper trail confirmed all in order.

5.2	That the allotment lettings are managed properly	Allotment plan, letting agreements	One plot chosen at random from plan and paper trail confirmed all in order.
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	Inspecting Councillors aware of the efficient liaison existing by virtue of the results achieved on a day to day basis.
5.4	That dealings with the Council's employees and retained contractors are proper, effective and efficient	Includes management of ; Blackbourne caretaker Handyman Youth Workers Grave digger Cemetery maintenance contractor Electrical and plumbing contractors Grass cutting contractor including MSDC Tree / hedge maintenance contractor	Inspecting Councillors aware of the efficient liaison existing by virtue of the results achieved on a day to day basis.
5.5	That office practices are such as to provide an appropriately efficient and accessible service to the public in keeping with the Council's standing as a Local Authority	Hours of 'opening' & accessibility to public Telephone / answering machine monitoring Appointments with public Cover during Clerk's absence Quality & range of advice offered	Feedback confirms that the service level currently on offer exceeds that of similar bodies in terms of accessibility, speed and appropriateness of response. Clerical support staff known and observed to provide continuity of good practice in Clerk's absence.
5.6	That office practices are such as to provide an efficient service to the Council in the drawing up of agendas, meeting notices, relevant copying.	Agendas & relevant papers Access to Clerk	Confirmed by personal observation of good practice and efficiency across the board.

6	<i>The inspecting Councillors will satisfy themselves that arrangements for the internal Audit by others are adequate</i>		observations
6.1	The Internal Auditor appointed by Council is independent of the Council, suitably qualified to do the job and is appointed in the basis of a letter of engagement which clearly sets out the scope of the audit.		Pending appointment of new Auditor.
6.2	The details of the Internal Audit are appropriately available to all Councillors and that there is a Resolution of Council confirming this.	Relevant Minute 15.05.10	Confirmed
7	<i>The inspecting Councillors will review the External Auditors report for year ended 31.03.15</i>	<i>By reference to:</i>	observations
7.1	Satisfying themselves that the report gives rise to no concerns regarding relevant legislation and regulatory requirements.	BDO External Audit Notice of Conclusion, Opinion and Issues Arising Report, relevant Minute 15.05.10 refers	Confirmed and that no Issues Arising were raised.

7.2	Note action required relating to the comments from the Auditor	BDO Issues Arising Report	Confirmed as above.
7.3	Note action required from the notes appended by the Auditor which do not affect the Opinion.	BDO Issues Arising Report	Confirmed as above
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>		
8.1	Clerk's input invited	<p>The Clerk drew the Councillors' attention to the urgent need to replace the old PC (donated) which runs just the Council's Sage software. Back-up is becoming increasingly difficult as this machine only takes floppy disks, He suggested a new PC to upgrade the existing main machine and transfer a new Sage package to the existing main machine providing 2 PC's functioning across the spread of Council's software allowing dual use and subsequent efficiencies. He also suggested the purchase of word recognition software to streamline inputting of reports / minutes etc. Steve Gage has advised and £1k will cover hardware, software and installation.</p> <p>The Councillors agreed to recommend accordingly.</p> <p>The Clerk drew attention to the increasing pressures of the Neighbourhood Plan which will absorb any clerical support time recently freed up by the return of the caretaker to duty after his illness. Both of these factors had caused the overrun in clerical support hours worked creating a backlog which will probably not be attenuated within the current hours allocation.</p> <p>The Councillors agreed to recommend accordingly</p>	

9	Recommendations noted	
		<p>1 Purchase of new IT hardware & software, including scanner, as per 1.9</p> <p>2 Resumption of an interest bearing deposit account once Base rate rises from current historic low</p> <p>3 Consideration should be given to clerical support backlog being paid off.</p> <p>4 Clerical support monthly ceiling should be reviewed so as to avoid future backlog</p> <p>5 Clerical support rate should be reviewed</p>

Noted:

This review takes account of the NALC / SLCC document Governance and Accountability for Local Councils, a Practitioners' Guide (England) March 2014 and to the CIPFA document Accounting Guidance Notes for Local Councils Accounts and Audit Regulations 1996. It had reference to the notes accompanying the External Auditor's Certificates & Opinion for the year ending 03.15 together with the Internal Audit report for year ending 03.15 as noted and received by full Council.

The framework for the review was drawn up by the Clerk, in consultation with SALC and SLCC, and was 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 Audit visit.

Where there is a suggestion as to the number of documents which might be accessed, this is a guideline and does not preclude examination of more or all of the relevant documents at the councillors' discretion. No Council 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.