

# THURSTON PARISH COUNCIL

## INTERNAL CONTROL REVIEW – 2023-2024

The Accounts & Audit (Amendment) (England) Regulations 2015 aims to strengthen governance and accountability through requirements related to internal control and internal audit. Whilst the Parish 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 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 neither seen as, nor intended as, undue interference in the RFO’s day to day management of financial affairs.’

As part of its internal control, the Parish Council has appointed a Councillor to conduct a review of the system of internal control via the following tests on a quarterly basis with a written report of any findings to be submitted to the Council and minuted as received. The tests carried out during the year should enable the Council to respond in the affirmation to Assertion 2 of the Annual Governance and Accountability Return “We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness”.

CONTROL TEST	TEST DONE	AGAR Audit	COMMENTS – check documents & initial
	Yes/No	Objective	
Asset Register: <ul style="list-style-type: none"> <li>ensuring up-to-date Register of Assets</li> <li>held in accordance with Proper Practices</li> <li>Annually reviewed</li> </ul>	Yes	H	Addition of: 02 No Lap Top computers for Clerk & Deputy Clerk
Regular maintenance arrangements for physical assets	Yes	H	Monthly Inspections Reported at LEC Meeting Annual Inspection Report to be discussed at LEC Meeting 28 March & bought back to PC Meeting if required
Annual review of risk and adequacy of Insurance cover	Yes	C	Assets Insured as Asset Schedule Cyber Security to renewed. Zurich Municipal renewed October 23 back dated to July 23
Annual review of Fidelity Guarantee and adequacy of cover	Yes	C	£500,000.00 Renewed with Zurich Municipal Sept 22 – same sum renewed October 23. Insurance covers Key Personnel (Clerk).
Annual review of Financial Risk	Yes	C	P & R Committee Reviewed 21 February 24
Annual review of Risk Strategy	Yes	C	P & R Committee Reviewed 21 February 24
Annual review of Internal Controls	Yes	C	P & R Committee Reviewed 21 February 24
Awareness of Standing Orders & Financial Regulations	Yes	C	Reviewed 21 February 24 New NALC Regulations expected May 2024
Annual review of Financial & Standing Orders	Yes	C	Reviewed 21 February 24 New NALC Regulations expected May 2024
Annual review of contracts (where appropriate)	Yes	B/J	Tender for Grounds Maintenance issued January 24 Tenders reviewed at PC Meeting 07 February 24 Contract placed in February for initial 12 month. Contract for Churchyard to be raised separately.
Regular reporting on performance by contractors	Yes	B/J	Reported Monthly More formal performance reporting to be instigated

Numerical orders placed in accordance with Financial Regulations	Yes	B/J	Except for Office Stationery and small ancillary items
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	Yes	B	All approved at monthly PC Meeting & authorised by Chair prior to payment
Recording in the appendices of the minutes the precise powers under which expenditure is being approved	N/A	B/C	General Power of Competence used for expenditure – criteria to used reconfirmed in May 2023.
Payments supported by invoices, authorised and minuted	Yes	B	
Scrutiny of internet bank payments including authorisation procedures	Yes	B	Internal bank practice operated as per the Internet Banking Policy
Scrutiny of grants awarded by the Council and declared in cashbook	Yes	B	As per Grants Policy
Scrutiny of income records to ensure income is correctly received, recorded and banked	Yes	E	Newsletter Separate Code – operation of account confirmed by Internal Auditor
Scrutiny of grants received by the Council and declared in cashbook	Yes	E	CIL £64,880.50 received October 23. £2000.00 Locality Budget £3364.00 Cleansing Grant
Monthly bank reconciliation reporting to Parish Council	Yes	I	At each relevant council meeting
Review of inter-account transfers by the RFO	Yes	I	Chair verifies and signs at each relevant council meeting
Reporting of inter-bank transfers at appropriate Parish Council Meetings	Yes	I	
Bank Reconciliations periodically verified and signed off by a non-signatory Councillor	Yes	I	
Budget setting process in accordance with Proper Practices	Yes	D	Precept 2 <sup>nd</sup> instalment £76,460.00 - received October 23 Annual budget of £246,360 approved at PC Meeting on 10 January 24 Precept agreed at same meeting at £176,000 and noted by MSDC First instalment £88,000 due April 24 (See Note 1)
Quarterly budget monitoring statements reported to Parish Council	Yes	D	Q3 reviewed at PC Meeting 10 January 24
Scrutiny to ensure precept recorded in the cashbook agrees to MSDC notification	Yes	E	
Monthly reconciliation of Corporate Credit Card operated by the Clerk. Verification process in place	Yes	A	All statements checked to ensure VAT related invoices are in evidence. Statements signed off by Vice-Chair.
Contracts of employment in place for all staff	Yes	G	
Staff contracts annually reviewed	Yes	G	
Annual performance review for all staff	Yes	G	All staff reviews to be completed by end March 24
Records updated to reflect relevant legislation	Yes	G	
PAYE/NIC/Pension properly operated by the Council as an employer	Yes	G	Q3 paid January 24 Q4 due April 24

Staff Details e.g. salary payments - held in a secure & appropriate manner	Yes	G	Yes
VAT payments identified, recorded and reclaimed in the cashbook	Yes	A	VAT claim for October to December £3394.75 paid January 24 Next claim due April 24
CIL reporting to Council in accordance with legislation	Yes	E/B	
CIL reporting to District in accordance with legislation	Yes	E/B	
CIL expenditure in accordance with legislation	Yes	E/B	
Compliance with 2014 Regulations: Officer Decision Reports	Yes		
Compliance with Local Transparency Code 2015: Quarterly: Items of expenditure over £500; requests for tender over £5,000; contracts awarded over £5,000. Annually: staff breakdown; contracts issued over £5,000; counter fraud work	Yes		Expenditure for £500+ for October to December on website. Contracts awarded for Grounds Maintenance awarded in February
Compliance with Data Protection Legislation – Council registered as a Data Controller	Yes		Model Publication Scheme up to date
Compliance with General Data Protection Regulations: <ul style="list-style-type: none"> <li>• Data Audit Impact Assessment completed for new projects</li> <li>• Legal basis for processing data identified for new projects</li> <li>• Annual review of GDPR policies</li> </ul>	Yes		Since BREXIT UK GDPR used  Data Audit Impact Assessment undertaken for the Food Parcel Project
Compliance with Website Accessibility Requirements: <ul style="list-style-type: none"> <li>• Website Security Certificate</li> <li>• Digital Accessibility</li> <li>• Accessibility statement on website</li> </ul>	Yes		Council's Officers operate with .gov.uk email address. Each Councillor has dedicated Parish Council email addresses as held under the website domain name.
Minutes properly numbered or paginated with a master copy kept in for safekeeping	Yes		
Confidential minutes properly recorded, numbered or paginated with a master copy kept in a secure place.	Yes		
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality	Yes		
Roles and Responsibilities of Councillors published on website	Yes		
Terms of Reference for Committees annually reviewed	Yes		Planning Meeting on 24 January 24 approved the setup of an external Infrastructure Working Party Approved by PC at Meeting on 07 February 24
Delegated Powers identified and implemented	Yes		Meeting 02 May 22 confirmed no change
Adoption of Codes of Conduct for Members	Yes		May 2022 – Model Code of Conduct 2020
Declaration of Acceptance of Office:			

<ul style="list-style-type: none"> <li>• Completed</li> <li>• Copy held</li> </ul>	Yes		
Register of Interests: <ul style="list-style-type: none"> <li>• Completed</li> <li>• Uploaded onto MSDC Website</li> </ul>	Yes		2 vacancies for co opted Councillors advertised

Date of review of system of Internal Controls 01 March 2024

Review of system of Internal Controls carried out by: Cllr B L Rainbow with Cllr J West in attendance

Report submitted to Council: 06 March 2024                      Agenda Item: 10f – Paper 6

Next review of system of Internal Controls due May 2024

Additional comments by reviewer

Comment 01: Annual Budget & Precept with explanations given in February edition of Thurston Newsletter