

Fradley and Streethay Parish Council

Internal Audit Control Statement and Internal Audit Check List

Statement of Responsibility

Fradley and Streethay Parish Council (the Council) is a local authority funded by public money and is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, used economically, efficiently, and effectively.

In meeting this responsibility assurance is required that there is a sound system of internal control and that the Council's accountability framework is 'risk' based; proportionate to that risk and to the amounts of public money involved and to the stakeholders' need for assurance.

The Purpose of the System of Internal Control.

The system of internal control is designed to ensure that risks are managed to a reasonable and acceptable level forming part of an ongoing process designed to identify and prioritise the risks to the authority's policies, aims and objectives and to evaluate and manage those risks accordingly.

Also see the Risk Management Document and Business Risk Assessment on our website:

[Risk Management Document and Business Risk Assessment.pdf \(fradleyandstreethayparishcouncil.gov.uk\)](#)

Also see the Review of Effectiveness of Internal Audit on our website:

[Review of effectiveness of Internal Audit 21.04.2020.pdf \(fradleyandstreethayparishcouncil.gov.uk\)](#)

The Internal Control Environment

The Council:

- Appoints a Chairman to be responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful with the clerk's advice.
- Reviews its obligations and objectives and approves budgets for the following year at its December/January meeting. This meeting also approves the level of precept for the following financial year.
- Meets 11 times each year and monitors progress against its aims and objectives where appropriate.

The Council Clerk to the Council/Responsible Financial Officer and Assistant Clerk:

- Appointed by the Council to act as the Council's advisors and administrator.
- The Council's Responsible Financial Officer is responsible for administering the council's finances.
- The Clerk and Assistant Clerk are responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks.
- Ensures that the council's procedures, control system and policies are adhered to.
- A HR Committee which meets at least annually with the Clerk and Assistant Clerk.
- The Assistant Clerk supports and helps the Clerk/RFO.

Payroll Controls.

- All Staff have a contract of employment with clear terms and conditions.
- Salary are paid to agree with that approved by the Council.
- PAYE is being properly operated by the Council as an employer and monthly submission made to HMRC under Real Time PAYE.
- Payments are reported to the Council at each meeting.
- Payments are currently made by cheque and signed in accordance with the Bank Mandate in place, along with the supporting paperwork.

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Income

- Is banked in the Council's name in a timely manner and reported to the Council at each meeting.

Risk Assessments (Risk Management)

- Assessments are carried out in respect of actions, systems and controls are regularly reviewed.

The Internal Audit

- Is carried out by an independent Internal Auditor who reports to the Council on the adequacy of its records, procedures, systems, internal controls, regulations and risk management reviews.

Standing Orders

- The Council has adopted the Model Standing Orders as recommended by NALC.

Financial Orders

- The Council has adopted and reviews updates as necessary each year.

V.A.T.

- VAT payments are identified, recorded and reclaimed via VAT 126 after the year end.

Petty Cash

- The Council does not have a petty cash system in place.

Asset Register

- The Council maintains a register of all material assets owned or in its care, which is approved annually.

Insurance

- The Council's insurance provision is currently reviewed annually both in relation to its schedule of cover and its value for money.

Code of Conduct

- Each member must complete a Register of Members Interest Form.
- Members to consider every item on the agenda and ensure that any interest is declared at the beginning of the meeting or before the matter is discussed.
- An item 'Declarations of Interest' will be placed on every agenda.
- Paragraph 12 (2) of the revised Model Code of Conduct has been adopted.

Reviewed: April 2021

Next Review: April 2022

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1. Book Keeping		YES	NO	N/A	Evidence/Comments/Recommendations
1.1	Is the ledger maintained and up to date?	Yes			Scribe computerised accounts system was implemented in 2019/2020, replacing a manual cash book system produced in Excel.
1.2	Is the Arithmetic Correct?	Yes			Bank reconciliations are balanced to bank statement monthly and presented at a Council Meeting
1.3	Is there evidence of Internal Control?	Yes			The Council review and approve the bank statements, bank reconciliation and all other supporting information at each monthly meeting.
1.4	Is there VAT evidence, recording and reclaimed?	Yes			The Council is not registered for VAT and reclaims VAT in accordance with the VAT 126 regulations applicable to local authorities. VAT is normally reclaimed after 31 March each year.
1.5	Are payments in Cash Book supported by invoices, authorised and minuted?	Yes			Under normal circumstances invoices are signed along with the cheques at face-to-face meetings by 2 Councillors and countersigned by the Clerk/RFO. However, during the pandemic emergency arrangements were put into place to authorise the payments via Zoom, the Chair and the Clerk are signing the cheques and invoices, which is still in line with the current bank mandate as only two signatures are required. All payments are minuted on a monthly basis.
1.6	Are Section 137 payments recorded and within the statutory limits?	Yes			A separate Section 137 account is maintained within Scribe to account for Section 137 payments.
1.7	Is Section 137 expenditure of direct benefit to the electorate?	Yes			Any Section 137 expenditure incurred, is considered to be in respect of activities relevant to the parish and are approved at the meetings.
2. Due Process		YES	NO	N/A	Evidence/Comments/Recommendations
2.1	Are Standing Orders adopted?	Yes			Current NALC model Standing Orders applied, updated with an appendix to comply with the Covid-19 regulations as per the amendments from the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

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					The Standing Orders and Appendix are published on the website.
2.2	Are Standing Orders Reviewed at Annual Parish Council Meeting?	Yes - under normal circumstances			<p>Due to cancelling the Annual Parish Council Meeting in 2020, the Standing Orders were reviewed with an appendix. This was to comply with the Covid-19 regulations as per the amendments from the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020</p> <p>The Standing Orders and Appendix are published on the website.</p>
2.3	Are Financial Regulations adopted?	Yes			<p>Current NALC model Financial Regulations applied. updated with an appendix to comply with the Covid-19 regulations as per the amendments from the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.</p> <p>The Financial Regulations and Appendix are published on the website.</p>
2.4	Are Financial Regulations properly tailored to the Council?	Yes			<p>Current NALC model Financial Regulations applied, adapted to suit the needs of the Council.</p> <p>The Financial Regulations and Appendix are published on the website.</p>
2.5	Are Financial Regulations reviewed at the Annual Parish Council Meeting?	Yes - under normal circumstances			<p>Due to cancelling the Annual Parish Council Meeting in 2020, the Financial Regulations were reviewed with an appendix. This was to comply with the Covid-19 regulations as per the amendments from the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020</p> <p>The Standing Orders and Appendix are published on the website.</p>
2.6	Equal Opportunity Policy Adopted?	Yes			Equal Opportunity Policy published on the website.

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2.7	RFO appointed by the Council?	Yes			Clare Orme appointed Clerk on 28 May 2019, replacing Kate Roberts. The Clerk is also recognised as the RFO. The Clerk/RFO is supported by Wendy Hollinshead as Assistant Clerk
2.8	Adequate Internal Controls in place for Payments?	Yes			All payments are approved on a monthly basis at the monthly meetings.
2.9	List of Members Interests held and published on the Councils Website?	Yes			The Clerk maintains/updates as applicable and forwards to LDC as required. The information is also available on the Parish Councils website.
2.10	Are Agendas signed, informative and displayed with 3 clear days' notice?	Yes			Minimum 3 clear days' notice, currently posted on the Parish Council website with Zoom Login details for members of the public to join.
2.11	Are Purchase Orders raised for expenditure?	Yes			Purchase Orders are raised for all items purchased except direct debits, payroll items or expenses items.
2.12	Are legal powers identified in the minutes and/or accounts?	Yes			Currently on items like Section 137 payments or payments for a specific item not day to day are identified separately within the minutes as required.
2.13	Committee Terms of reference exist and are reviewed regularly?	Yes			Committee Terms of Reference have been agreed and adopted for the HR Committee, Project Tracker Working Group, Finance Committee, Planning Committee, Open Space and Park Working Group and the Planning Committee.
2.14	Is the Council compliant with the Website Accessibility Regulations 2020?	Yes			The Council's website meets the minimum WCAG 2.1AA accessibility standard.
3.	Risk Management	YES	No	N/A	Evidence/Comments/Recommendations
3.1	Does a scan of the minutes reveal any unusual activity?		No		This will be checked by the Internal Auditor on 27 April 2021.
3.2	Are Annual risk assessment carried out?	Yes			General Risk Assessments are completed as required. The Business Risk Assessment is updated Annually and is published on the website.

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3.3	Is the Insurance cover appropriate and adequate?	Yes			See insurance document.
3.4	Does the Council have public liability cover?	Yes			Indemnity limit £12M
3.5	Does the Council have evidence of annual insurance review?	Yes			Quotes to be sought from different insurers prior to renewal.
3.6	Internal financial controls documented and evidenced?	Yes			As per this statement of Internal Control and Internal Audit Check List
3.7	Are Minutes initialled, each page identified and overall signed?	Yes			All minutes are initialled and signed in accordance with the Standing Orders.
3.8	Are there regular reporting and minuting of bank balances?	Yes			This is completed monthly at the meetings.
3.9	Is S137 expenditure minuted?	Yes			Section 137 payments are identified on the agenda and in the minutes as they arise.
4.	Budget	YES	NO	N/A	Evidence/Comments/Recommendations
4.1	Is there an Annual Budget to support the Precept?	Yes			Prepared by the Clerk and approved by the Council at their meeting on 21 January 2020. Copy of summary budget is published on the website
4.2	Has the Budget been discussed and approved by the Council?	Yes			Approved 21 January 2020 minute ref 78/2020/C
4.3	Has the Parish Council adopted a reserves policy?	Yes			The Reserves Policy is published on the website.
4.4	Are any reserves earmarked?	Yes			See Reserves spreadsheet
4.5	Are there any unexplained variances from the Budget?		No		There are no unexplained variances from the budget setting process.

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4.6	Is the Precept demand correctly minuted?	Yes			See minutes 21 January 2020 minute ref 78/2020/C
5. Payroll		YES	NO	N/A	Evidence/Comments/Recommendations
5.1	Are Contracts of Employment in place?	Yes			Contract of Employment in place for the Clerk/RFO and Assistant Clerk.
5.2	Tax Codes issues/contracted out Service?	Yes			Dealt with by the Payroll Provider.
5.3	PAYE/NI evidence?	Yes			Dealt with by the Payroll Provider. P60 sent through at year end for Council files.
5.4	Has the Council approved salaries paid?	Yes			This is included in the budget setting process. Monthly payments are approved at the meeting.
5.5	Is the Council registered with the Pension Regulator?	Yes			Pension contributions are paid to NEST
5.6	Are pension duties reviewed at each payroll?	Yes			Dealt with by the Payroll Provider.
5.7	Does the Council have Employer's liability insurance cover?	Yes			Employer's liability £10M
5.8	Is at least the minimum wage paid to staff?	Yes			All staff are paid about minimum wage.
5.9	Is there a Discipline and Grievance procedure in place?	Yes			This is published on the website and will be reviewed at the May 2021 Annual Parish Council Meeting; this is with the view of replacing the current version with the NALC model version.
5.10	Does the Council have a training Policy in place and adopted?	Yes			This is published on the website.
6. Asset Control		YES	NO	N/A	Evidence/Comments/Recommendations
6.1	Does the Council keep a register of all material assets owned?	Yes			This is published on the website. The Parish Council will be using Parish Online in 2021/2022 to plot all assets on the map system.

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6.2	Is the Asset Register up to date?	Yes			Up to date at the Financial Year End to be approved by the Council at their May 2021 Annual Parish Council meeting.
6.3	Is the value of individual assets included in the asset register?	Yes			Costs are listed at the replacement value.
6.4	Is there a record of land held by the council ?	Yes			The Land and Building register is published on the website
7.	Bank Reconciliations	YES	NO	N/A	Evidence/Comments/Recommendations
7.1	Is there a bank reconciliation for each bank account held?	Yes			All bank accounts have been reconciled to 31.03.2021.
7.2	Are reconciliations carried out on receipt of a bank statement?	Yes			Bank Reconciliations and supporting paperwork is approved by the council at their meetings on a monthly basis.
7.3	Are there any unexplained balancing entries in any reconciliations?		No		
7.4	Is the bank mandate up to date for each account?	Yes			The Parish Council will be considering a change to the bank at the May 2021 Annual Parish Council meeting, due to issues with the current bank.
8.	Income Controls	YES	NO	N/A	Evidence/Comments/Recommendations
8.1	Is income properly recorded and promptly banked	Yes			All income is added to the Scribe accounting package on a monthly basis where appropriate.
8.2	Recorded precept agrees to the Council Tax authority notification?	Yes			Precept paid in April of each year.
8.3	Are security controls over cash adequate and effective?	Yes			The Parish Council has a risk assessment in place for the receiving of cash, however no cash has been received in this financial year, payments have been received via bank transfer into the Councils account.
9.	Petty Cash	YES	NO	N/A	Evidence/Comments/Recommendations

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9.1	Does the Council hold a petty cash float?			N/A	The Council does not have a petty cash system in place.
9.2	Is petty cash recorded in the petty cash account?			N/A	
9.3	Are VAT receipts obtained for petty cash expenditure where applicable?			N/A	
9.4	Is petty cash expenditure reported and approved by the Council?			N/A	
9.5	Is petty cash reimbursement carried out regularly?			N/A	
10. Year End Procedures		YES	NO	N/A	Evidence/Comments/Recommendations
10.1	Are the Year End Accounts prepared on the correct accounting basis?	Yes			The accounts are produced on a receipts and payments basis not a prepayment and accruals basis, as the income and expenditure is below £200,000.00
10.2	Does the bank statements and ledger account reconcile?	Yes			The Year-end accounts are to be internally audited on 27 April 2021.
10.3	Underlying financial trail from records to present accounts?	Yes			The Scribe accounting package provides a satisfactory audit trail to the underlying financial records.
10.4	Where appropriate, debtors and creditors are properly recorded?	Yes			Debtors and Creditors are not required to be reported separately in the accounts (i.e., Receipts and Payments basis) Approved expenditure payments are made as promptly as possible, dependant on the date of the Council meeting where approval is given. Any income payments are monitored to ensure that payment is received in accordance with applicable payment terms.
10.5	Is Section 1 & 2 of the Annual Return signed and minuted by the Council?	Yes			The Annual Return ending 31 March 2021, will be on the agenda for consideration at the May 2021 Annual Parish Council meeting.
11. Cemeteries		YES	NO	N/A	Evidence/Comments/Recommendations

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11.1	Does the Council control Cemeteries in the Parish?		No		The Council does not control any cemeteries in the Parish.
11.2	Cemetery regulations adopted and up to date?			N/A	
11.3	Registers of burials and purchased graves completed correctly?			N/A	
11.4	Burial Certificates being issued correctly?			N/A	
11.5	Green slips returned appropriately to registrar?			N/A	
11.6	Cemetery burial plan up to date and backed up?			N/A	
12. Local Government Transparency Code 2015		YES	NO	N/A	Evidence/Comments/Recommendations
12.1	Are all items of expenditure above £500 published on the website at least quarterly?	Yes			The Council add to the website a copy of the complete cash book data protected for all income and expenditure.
12.2	Government procurement card transactions published on the website at least quarterly?			N/A	
12.3	Procurement information published at least quarterly?			N/A	
12.4	Land and Building Asset Register published on the website at least annually?	Yes			
12.5	Social Housing Asset value published on the website at least annually?			N/A	

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12.6	Voluntary and Social enterprise grants published on the website at least annually?			N/A	
12.7	Trade Union time published on the website at least annually			N/A	
12.8	Parking income and expenditure published on the website at least annually?			N/A	
12.9	Number of parking spaces published on the website at least annually?			N/A	
12.10	Senior Salary Data (over £50K) published on the website at least annually?			N/A	
12.11	The Councils Constitution published on the website at least annually?	Yes			The Councils constitution is determined in the Standing Orders, Financial Regulations and Code of Conduct.
12.12	Data on work undertaken to counter fraud published on the website at least annually?			N/A	
12.13	Waste Collection contract details published on the website at least annually?	Yes			The Parish Council employs a contractor to empty the litter and dog bins, who hold a current Waste License.
13. Miscellaneous		YES	NO	N/A	Evidence/Comments/Recommendations
13.1	Evidence that internal and external audit reports have been received and actioned	Yes			Reports are dealt with by the Council at their meetings where appropriate.

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13.2	Code of Conduct adopted since 2013?	Yes			This is published on our website.
13.3	Is eligibility for the General Power of Competence properly evidenced?			N/A	The Council does not have the General Power of Competence at present. The Clerk is required to take this extra section of the CiLCA and the Council must consist of at least 2 thirds of Elected Members not co-opted.
13.4	Does the Parish Council have a complaints procedure published on the website?	Yes			This is published on the website.
13.5	Are all electronic files backed Up?	Yes			Weekly to USB
13.6	Are arrangements in place for public inspection of the Councils records?	Yes			This is completed as part of the end of year process, a notice is added to the website as required.
13.7	Does the Council have a Data Protection Policy published on its website?	Yes			This is published on the website.
13.8	Does the Council have a Health and Safety Policy published on its website?	Yes			This is published on the website.
14. Charities		YES	NO	N/A	Evidence/Comments/Recommendations
14.1	Are Charities reported and accounted for separately?			N/A	The Council are not responsible for any registered charities.
14.2	Have the accounts been separately audited?			N/A	
14.3	Have the accounts been filed within the legal time limit?			N/A	
14.4	Has the annual return been filed with thin the legal time limit?			N/A	

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Annual Return		Year Ending 31 March 2020	Year Ending 31 March 2021
1	Balances brought forward	114,998	112,790
2	Annual precept	98,958	131,306
3	Total other receipts	32,258	45,026
4	Staff Costs	46,892	47,203
5	Loan Interest/ Capital Repayments	Nil	Nil
6	All Other Payments	86,532	49,648
7	Balance Carried Forward	112,790	192,271
8	Total Value of cash and short term investments	112,790	192,271
9	Total fixed assets plus long term investments and assets	538,138	539,779
10	Total borrowings	Nil	Nil
	Date Annual Return data completed and approved	19.05.2020	06.05.2021