

# NORTH STAINLEY WITH SLENINGFORD PARISH COUNCIL

## AUDIT PLAN AND INTERNAL CONTROLS FOR 2016/17

*“It is the council as a whole that is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of their functions and which includes arrangements for the management of risk. - Governance and Accountability for Local Councils” - A Practitioners’ Guide 2014*

### INTRODUCTION

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

In discharging this overall responsibility, North Stainley with Sleningford Parish Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council’s functions and which includes arrangements for the management of risk. Therefore a review of North Stainley with Sleningford Parish Council’s internal controls and audit plan for 2016/17 has been undertaken by Councillors in consultation with the Clerk at the Annual Parish Council Meeting held on 17<sup>th</sup> May 2016.

### CLERK TO THE COUNCIL / RESPONSIBLE FINANCIAL OFFICER (RFO)

The Council has appointed a Clerk to the Council who acts as the Council’s advisor and administrator. The Clerk is also the Council’s Responsible Financial Officer and is therefore responsible for administering the Council’s finances. The Clerk is responsible for advising on the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

**The Council recognises that there are three tiers of audit and has planned accordingly.**

CONTROLS / PLAN	NOTES FOR 2016/17
<b>Internal Controls within the Council.</b>	
The Council has adopted a set of Financial Regulations, which are reviewed at least annually. These were updated, using templates from the Yorkshire Local Councils Associations (YLCA), and first adopted by the Council on 19 <sup>th</sup> May 2015.	To be reviewed at the Annual Meeting of the Council on 17 <sup>th</sup> May 2016 and in May 2017.
The RFO prepares a budget for the Council’s consideration each autumn. The RFO monitors the Council’s performance against the agreed budget every month. Financial statements, which include a budget comparison are presented for the Council’s approval twice a year.	The 2016/17 budget was approved at the Parish Council meeting on 15 <sup>th</sup> November 2015.

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<p>A financial report is considered at each bi-monthly Parish Council meeting and is recorded, in full, in the minutes of that meeting. As a minimum the report contains the following information:</p> <ul style="list-style-type: none"> <li>• The Council's current bank balances, to correspond to a relevant bank statement.</li> <li>• Payments to be approved.</li> <li>• Monies received since the last meeting.</li> </ul>	
<p>All payments, including those made under delegated powers, are notified to the Parish Council for formal approval and recorded in the minutes of the relevant meeting as part of the financial report.</p>	
<p>The Council maintains at least one bank account in its own name. Bank balances are reported to each ordinary meeting of the Council. The corresponding statements are checked and signed by two Councillors, including the Chair.</p>	<p>At the start of the 2016/17 financial year the Council was operating the following accounts:</p> <ul style="list-style-type: none"> <li>• Santander Business Current a/c - ****7955 (Day to Day Banking)</li> <li>• Santander Business Reserve a/c - ****8255 (Day to Day Savings)</li> <li>• HSBC Current a/c - ****9511 (Special Projects Current Account)</li> <li>• HSBC Savings a/c - ****2358 (Special Projects Savings Account, holds funds allocated for the re-printing of the circular walk leaflet.)</li> </ul>
<p>The RFO carries out a monthly bank reconciliation. A reconciliation is also carried out as part of the preparation of the Council's annual accounts. The September reconciliation, and corresponding bank statements, are brought to the Council's November meeting for formal approval and signing by the Chairman.</p>	<p>To be approved at the Parish Council meeting scheduled for 15<sup>th</sup> November 2016 and at the 2017 Annual Meeting of the Council.</p>
<p>Payments by cheque are authorised by two members of the Council, who also sign the cheque stub and the corresponding invoice / payment request. Councillors do not sign blank cheques!</p>	
<p>Councillors are kept informed of the overall financial position of the Council via a balance analysis report. This dissects the bank balances so as to give Members a true understanding of the Council's financial position. The Council aims to keep its financial reserves in line with 6 months running costs, plus £500.</p>	<ul style="list-style-type: none"> <li>• Reports submitted to the Annual Meeting of the Council on 17<sup>th</sup> May 2016.</li> <li>• Council's balance of unallocated reserves was £5,878.39 as at 31<sup>st</sup> March 2016 and was in accordance with best practice guidance.</li> <li>• Reports to be submitted to the Parish Council meeting scheduled for 15<sup>th</sup> November 2016 and at the 2017 Annual Meeting of the Council.</li> </ul>
<p>The Council has one employee – the Clerk and RFO.</p> <ul style="list-style-type: none"> <li>• The Clerk has a contract of employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Clerk's contract to be updated during the 2016/17 financial year.</li> <li>• Subscription to Moneysoft's Payroll Manager expires in November 2016.</li> </ul>

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<ul style="list-style-type: none"> <li>• The Council's insurance policy includes a fidelity guarantee to protect it from fraud related losses.</li> <li>• The Council has a current subscription to appropriate payroll software which regularly updates in accordance with guidance from HMRC. The subscription is shared with a number of other local Councils.</li> <li>• The Council is registered as an employer with HMRC and meets RTI requirements through the monthly submission of electronic returns.</li> <li>• The Clerk is paid monthly via an internet banking payment (see below).</li> </ul>	
<p>Payments made by internet banking are made in accordance with the Council's financial regulations.</p> <p>Invoices and payment requests are checked by Councillors, via e-mail, prior to payment. A record of the e-mail authorisation received from a quorum of Councillors is retained with the invoice and internet banking printout.</p> <p>Two Councillors sign these documents at the Parish Council meeting at which the payment is formally recorded.</p>	
<p>The Council maintains an insurance policy which is reviewed each year at the Annual Meeting of the Council.</p>	<p>Note that the Council's three year policy with Zurich Municipal finishes at the end of the 2016/17 financial year.</p>
<p>The Council maintains an asset register which is reviewed at least annually and is published on its website.</p> <p>The value of the Council's assets are included in Box 9 of the Annual Return.</p>	<p>Last updated and approved on 17<sup>th</sup> May 2016.</p> <p>To be updated either at the end of the 2016/17 financial year, or during the year if required.</p>
<p>The Council ensures that it follows current best practice in the following ways:</p> <ul style="list-style-type: none"> <li>• It maintains its membership of the Yorkshire Local Councils Associations.</li> <li>• The current Clerk is a member of the Society of Local Council Clerks.</li> <li>• It receives the Clerks and Councils Direct newsletter.</li> <li>• The Clerk regularly takes advantage of training opportunities provided by YLCA and other, relevant institutions.</li> <li>• Councillors are advised of, and encouraged to take advantage of training opportunities provided by YLCA and other institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Membership of the Yorkshire Local Councils Associations was renewed in April 2016 and expires at the end of March 2017.</li> <li>• It is noted that 'Governance and Accountability for Smaller Authorities in England' is currently being updated (May 2016). Further updated and versions will be obtained as published.</li> </ul>
<p><b>Internal Audit</b></p>	
<p>North Stainley with Sleningford Parish Council appoints an Internal Auditor prior to the end of each financial year.</p>	<ul style="list-style-type: none"> <li>• The Internal Auditor for the 2015/16 financial year was Mrs Sue Welch.</li> </ul>

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<p>The Internal Auditor is asked to review the Council's financial and other affairs for the preceding year.</p>	<ul style="list-style-type: none"> <li>• The appointment will be recorded in the minutes of the relevant Parish Council meeting.</li> <li>• A letter, including the conditions and duration of the appointment, must be prepared and given to the Internal Auditor.</li> </ul>
<p>The Council assures itself that the Internal Auditor is competent to carry out the task at hand and:</p> <ul style="list-style-type: none"> <li>• Understands basic accounting processes.</li> <li>• Understands the role of internal audit in reviewing systems.</li> <li>• Is aware of risk management issues.</li> <li>• Understands the account requirement of the legal framework and powers of local councils.</li> </ul>	<p>If it is decided not to use Mrs Sue Welch again, then YLCA can supply a list of available auditors in this area.</p>
<p>The Internal Auditor will carry out their duties ethically and with objectivity and integrity.</p>	
<p>The Internal Auditor's tests of the Parish Council's governance will be in accordance with Appendix 9 of "Governance and Accountability for Local Council's &amp; Wales 2010", or current best practice.</p>	<p>YLCA to be contacted to advise on current best practice, prior to the letter of engagement for the Internal Auditor being drawn up.</p>
<p>The Internal Auditor will report in his/her own name to the Council.</p>	<ul style="list-style-type: none"> <li>• In 2015/16 the Council's Internal Auditor was Mrs Sue Welch. Councillor Glenys Bailey had previously met Mrs Welch for independent verification.</li> <li>• If there is to be a change of Internal Auditor, or a change of personnel on the Council, then a further meeting may be required.</li> </ul>
<p>The Internal Auditor has direct access to the Clerk to the Council/RFO and the chairman.</p>	<p>Name and contact details to be provided in the letter of appointment.</p>
<p>The Internal Auditor has no other role within the Parish Council.</p>	<p>Any change in personal circumstances that may cause a question over the independence requirement must be reported to the Council.</p>
<p>The Internal Auditor reports in writing to the Parish Council. The Council agrees any necessary action as a result of the Internal Auditor's report.</p>	<ul style="list-style-type: none"> <li>• Report to be circulated to Councillors with the agenda of the meeting at which it is to be considered.</li> <li>• Contents of the report, and any agreed action, to be included in the minutes of the meeting at which it is considered.</li> <li>• Report to be displayed on the Council's website.</li> </ul>

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<b>External Audit</b>	
<p>At its meeting in January 2016 the Council resolved to remain opted in to the new Sector Led Body audit regime (reference item 9-16) which will take effect from 2017.</p> <p>The Council's external audit arrangements will therefore meet the standards required under The Local Audit (Smaller Authorities) Regulations 2015.</p>	<p>There will be no changes to the Council's External Audit arrangements in the 2016/17 financial year.</p>
<p>The Council's accounts are approved in a timely manner, usually at the Annual Meeting of the Council, but in any event by 30<sup>th</sup> June 2016.</p>	<p>The date of the Annual Meeting of the Council is approved in the annual schedule, usually approved at the Council's November meeting. It is likely that the 2017 Annual Meeting of the Council will be held on Tuesday 16<sup>th</sup> May.</p>
<p>Councillors are provided with a copy of the Annual Return, completed so far as is possible, with their agenda and other papers for the Annual Meeting of the Council, thereby giving an opportunity for scrutiny to take place prior to the meeting.</p>	
<p>The Council approves the Annual Governance Statement and Accounting Statements contained with the Annual Return.</p>	
<p>Members of the public are kept informed of the existence and progress of the external audit in the following ways:</p> <ul style="list-style-type: none"> <li>• Summaries in the Council's newsletter.</li> <li>• Display of the standard notices advertising the public and elector's rights on the public noticeboard and the Council's website.</li> <li>• Publication of the accounts documents and annual return (at each stage) on the Council's website and the public noticeboard.</li> </ul>	
<p>The External Auditor's opinion is reported, in full, at a meeting of the Council and recorded in the minutes of that meeting.</p> <p>The Council agrees any necessary action resulting from that opinion.</p>	

**Prepared by Iona Taylor, Clerk and Responsible Financial Officer to the Parish Council – 11<sup>th</sup> May 2016.**

**Approved by the Parish Council at its meeting on 17<sup>th</sup> May 2016.**