

Bovey Tracey Town Council



Risk Assessment of Financial and Non-Financial Internal Controls April 2016

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
- Maintain an adequate and effective system of internal audit of the Council's accounting records and control systems and review their effectiveness

How to use this document

This document should be used to understand the internal governance controls of the various types of identified risks together with potential for improvements, any actions identified to mitigate risks and/or improve internal controls.

Background

Bovey Tracey 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:

- 1. Governance
- 2. Financial Controls & External Audit Governance

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.	Last review date 07/09/15	None
1.1.2	Committee terms of reference are reviewed at least every four years.	Terms of Reference approved for: Planning – 07/09/15 RP&P – 19/10/15	FR&GP Terms of Reference to be drafted and approved
1.2	Management Strategies		
1.2.2	A Corporate Strategy is produced annually.	Forward Planning session arranged for 16 th May 2016.	Forward Plan/Strategy will be drafted following the meeting

1.2.3	Committees have identified and adopted key objectives.		See 1.2.2
1.3	Financial Regulations		
1.3.1	The Town Clerk is the appointed Responsible Financial Officer, with duties detailed in the Financial Regulations.		None
1.3.2	Finance Regulations have been adopted which set out procedures. They are reviewed at least every four years.	Revised Financial Regulations (in line with NALC's Model Regulations) were approved on 22/06/15	None
1.3.3	Grant application terms and conditions have been adopted and are reviewed regularly.		For review 2016/17
1.4	Freedom of Information		
1.4.1	The Council has adopted the revised Model Publication Scheme at Full Council.	Adopted March 2015	None
1.5	Complaints Procedure		
1.5.1	The Council has a complaints procedure.		For review 2016/17
1.6	Measures to prevent fraud and corruption		
1.6.1	The Council has adopted the NALC Model Code of Conduct	Adopted 25/06/12	None
1.6.2	All Councillors sign a Declaration of Acceptance of Office on election or co-option	All received	None
1.6.3	All Councillors complete a Register of Interests and provide updated information as appropriate. Copies are held with the Town Council and Teignbridge District Council's Monitoring Officer.	All received. Reminders needed for these to be updated regularly.	None
1.6.4	There is an agenda item for Councillor		None

	Declaration of Interests on Committee and Full Council agendas.		
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.	Following a review in November 2015, a 3-year term has been agreed via WPS Insurance Brokers & Risk Services with AVIVA. Current Public Liability cover is £5 million, which is minimum cover required for local authorities.	None
1.8	Employment Controls		
1.8.1	Town Clerk and 3 others are only employees. Contracts to be reviewed and amended if necessary by Personnel Sub Committee.		To be reviewed following any staff changes in 2017/18.
1.8.2	Standing Orders and Job Descriptions outline Town Clerk's role, which includes that of the Responsible Financial Officer.	Current – written in 2014.	None
1.9	Insurable Risks		
1.9.1	Employers Liability insurance (this is the only insurance the Town Council is required to hold through legislation. Employers Liability covers the legal liability of the Town 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, held in the sum of £10 million.	Insured.	None
1.10	External Audit Annual Governance Statement Requirements		

1.10.1	Statement of accounts formally approved by Council following recommendation by Financial, Resources and General Purposes Committee.	Last approved May 2015. Tabled for discussion in April/May 2016.	None
1.10.2	Council only does things it has legal powers to do and works within appropriate standards and codes of practices which could have significant effect on the ability of the Council to conduct its business or its finances.	Full Council approved the adoption of the General Power of Competence in March 2016.	None
1.10.3	Notices of audit are displayed to the public at the Town Council Office and on the website, to allow electors to inspect accounts as required by the Accounts and Audit Regulations.	Notices posted at Town Council offices and on website 28/04/15. The process will be repeated in April/May 2016.	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.	Develop procedure for Risk Assessing new project proposals.	Develop procedure for Risk Assessing new project proposals.
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, Resources and General Purposes Committee.	The Internal/External Auditors report is tabled for Members consideration on receipt.	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
2	Financial Controls		
2.1	Proper Bookkeeping		
2.1.1	A Cashbook is maintained via manual records	Look at feasibility of changing to	Research and

	at present and stored in the safe.	software system.	investigate suitable accounting software in 2016/17.
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 are prepared for each Finance, Resources and General Purposes committee and associated invoices are available for inspection at the meeting. The Councillors discuss and approve these payments. A list of accounts paid is also produced for the following Recreation, Parks and Property committee covering the period between both meetings. Cheques are signed by any 3 (of the approved signatories list) and the stubs initialled. Cheques are also signed by the Town Clerk and Responsible Financial Officer. Approval of accounts for payment is recoded in minutes.		None
2.2.2	VAT payments are made on proper VAT tax invoices showing registration numbers. A separate column is kept in the cashbook to detail the VAT element. Quarterly reclaims are made.		None
2.2.3	S137 payments are shown in a separate column in the Cashbook. The calculation of the formula level is noted in the Statement of		None

	Accounts.		
2.3	Budgetary Controls		
2.3.1	The Council sets a budget in January each year following recommendations from the Town Clerk and Chairman of Finance, Resources & General Purposes Committee. This is then approved by Full Council.		None
2.3.2	Town Clerk/RFO strives to present a quarterly income and expenditure update to the Finance, Resources and General Purposes Committee.	An update is reported twice yearly as a minimum.	None
2.4	Income Controls		
2.4.1	All income is maintained in a single cashbook.		None
2.4.2	Teignbridge District Council 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		
2.6.1	The Town Clerk is eligible to be paid expenses for any official mileage.	None claimed	None
2.6.2	PAYE/NIC is paid monthly to the Inland Revenue.	Managed by Teignbridge District Council's Payroll Services	None
2.6.3	Superannuation payments are made monthly via Teignbridge District Council Payroll Services in accordance with current rates.	Managed by Teignbridge District Council's Payroll Services	None
2.7	Councillor/Mayor's Expenses		
2.7.1	A sum is included in the precept for Mayor's allowance.		None
2.7.2	Expenses for travel paid in line with NALC.		None

2.8	Asset Controls		
2.8.1	An asset register is held, with insurance valuations updated annually.	Last review April 2016 inline with Insurance Renewals and Annual Return process	None
2.8.2	Cash balances are held in a deposit account for ease of access. Town Council accounts require 3 Councillor signatories in addition to the Town Clerk's signature.		None
2.9	Asset Controls – Insurable Risks		
2.9.1	The Town Clerk & Responsible Financial Officer to effect all insurance following an Annual Risk Assessment.		None
2.9.2	Annual Risk Assessments reviewed and updated in respect of assets.	Last review February 2015	Actions to be carried out as highlighted
2.9.3	List of assets maintained and updated during the year, insurance cover extended for new acquisitions when appropriate.	Last review April 2016 inline with Insurance Renewals and Annual Return process	None
2.9.4	Assets covered by material damage and All Risks Cover.	Included	None
2.9.5	Insurance provider reviewed from time to time for competitive pricing.	Procurement exercise undertaken in November 2015.	None
2.10	Bank Reconciliation		
2.10.1	The three bank accounts are reconciled by the Town Clerk and Responsible Financial Officer.		None
2.10.2	Monthly bank reconciliations are undertaken by the Town Clerk and Responsible Financial		None

	Officer on the bank statements.		
2.10.3	Any adjustments for interest, bank charges or unpaid cheques etc are noted in the Cashbook, if they occur.		None
2.11	Year End Procedures		
2.11.1	Accounts are prepared on a receipts and payments basis.		None
2.11.2	Full cross checking of the Cashbook is agreed prior to preparation of the final accounts.		None
2.11.3	An audit trail is provided by recording invoices, categorising payments in the budget/precept, cashbook and final accounts.		None