

LAPLEY, STRETTON AND WHEATON ASTON PARISH COUNCIL – GOVERNANCE FRAMEWORK



LAPLEY, STRETTON AND WHEATON ASTON PARISH COUNCIL

INTERNAL CONTROLS REVIEW SEPTEMBER 2018

1. **Scope of Governance Framework Responsibility**

Lapley, Stretton and Wheaton Aston Parish Council (LSWAPC) is required to have an adequate and effective system to discharge the functions of the Council whilst implementing arrangements for the management of risk. In order to achieve this there is a need for LSWAPC to implement a comprehensive internal control policy to ensure that its business is conducted within the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

2. **The Purpose of Governance Framework**

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LSWAPC Governance Framework provides a comprehensive range of internal controls in the form of a checklist that will confirm the existence of a sound system of management which includes the identification and control of risk whilst seeking to eliminate fraud, error and misstatement. It will provide a satisfactory foundation for internal audit and give an adequate level of assurance that LSWAPC is enabled to complete the annual governance statement, particularly assertions two and six.

3. **Personnel Involved with Governance Framework**

The key personnel that will review and implement the LSWAPC Governance Framework include:

- Clerk to the Council / Responsible Financial Officer: The duties of the Clerk / RFO will be laid down in a Job Description which should be reviewed each year. The Clerk will be LSWAPC's Responsible Financial Officer and will act as advisor and administrator to LSWAPC and will be responsible for the day to day management of LSWAPC's finances.
- Assistant Clerk: The Assistant Clerk will provide support to the Clerk / RFO in respect to all matters of LSWAPC administration and finance.
- Chairman of the Council: The Chairman of LSWAPC will be elected by the elected Members of LSWAPC and will have all the powers and duties vested by law.
- Finance and Forward Planning Working Group led by the Finance and Forward Planning Working Group Chairman. The Finance and Forward Planning Working Group will consider matters regarding finance and forward planning, including Annual Accounts and Governance and will recommend or otherwise that such matters be accepted by full Council.
- Appointed Independent and Competent Internal Auditor: The appointed Internal Auditor will, at not less than yearly intervals, provide a selective assessment of LSWAPC's procedures and controls to ensure compliance against the current legal framework as imposed on LSWAPC.

4. **Review of Effectiveness of Governance Framework**

The key elements of control to be tested are as follows:

- Has LSWAPC appointed a Responsible Financial Officer (RFO)?
- Has LSWAPC appointed a Chairman who may exercise all the statutory powers and duties in respect to meetings, ensuring smooth running of meetings and the certification of minutes on behalf of LSWAPC Members?
- Has LSWAPC established committees and/or working groups to simplify the management of key elements of its lawful business?
- If so has the committee and/or working group appointed a Chairman to ensure

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- smooth running of meetings and to verbally report on matters from the working group meeting to full Council?
- Has LSWAPC formally adopted both Standing Orders & Financial Regulations?
 - Are the Standing Orders & Financial Regulations closely adhered to in order to provide a consistent approach to meetings and decision making?
 - Are items or services purchased against pre-determined limits competitively purchased?
 - Has LSWAPC conducted risk assessment for the current year of operation to determine the financial risks it is exposed to and if so is this recorded in the Minutes?
 - Has the LSWAPC risk assessment been scrutinised to ensure that it is comprehensive and up to date and identifies any actions that it considers necessary to minimise those risks?
 - Where necessary to does LSWAPC have adequate and appropriate insurance cover to offset risk?
 - Does LSWAPC maintain an up-to-date Assets Register of material assets owned and is the Register viewed in conjunction with the Insurance Schedule Valuations?
 - Do the LSWAPC minutes identify any unusual financial activity?
 - Does LSWAPC regularly review and document its financial controls?
 - Do LSWAPC procedures allow for back up of records to enable reconstruction of data for business continuity and detection of fraud or error?
 - Does LSWAPC have in place sufficient accounting controls to include as a minimum the following elements:
 - Recorded Minutes that show that previous year Internal & External audits have been reviewed and matters arising addressed?
 - Is a cashbook maintained and up to date to ensure that all financial transactions are recorded promptly and correctly?
 - Is the cashbook accurate and arithmetically correct?
 - Is the cashbook regularly balanced in line with bank statements?
 - Are all LSWAPC bank accounts subject to regular reconciliation?
 - Are cashbook payments supported by invoices and have they been authorised and minuted?
 - Does LSWAPC properly record income and bank funds promptly?
 - Does LSWAPC have adequate and effective security controls in respect to cash?
 - Does LSWAPC have a recording system for the FX Pre paid card which is supported by VAT invoices and receipts where appropriate?
 - Do LSWAPC regularly check and sign-off Petty Cash expenditure and balances?
 - Does LSWAPC check payroll expenditure records?
 - Does LSWAPC have confidence that its PAYE & NIC systems are correctly operated?
 - Does LSWAPC identify VAT payments and correctly record and reclaim these?
 - Does LSWAPC separately identify and record Section 137 payments and are

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- these within the defined statutory limits?
- Does LSWAPC set its Precept based upon a pre-prepared Annual Budget?
- Does the Annual Budget setting review its income and expenditure in consideration of Actual Figures for the previous year, End of Current Year Forecasting and Actual Outturn for the Year?
- Do the LSWAPC Finance and Forward Planning Working Group and full Council regularly review income and expenditure against the budgeted figures?
- Do the LSWAPC Finance and Forward Planning Working Group and full Council seek timely understanding and explanation of any significant variances to the budget?
- Are all LSWAPC financial controls documented, regularly reviewed and signed off by full Council?
- Does LSWAPC prepare its end of year accounts on the correct basis using '*Income and Expenditure*'?
 - Does LSWAPC correctly record debtors and creditors where appropriate?
 - Does LSWAPC start of year and end of year balances on all accounts mirror the cashbook figures?
 - Does LSWAPC maintain an adequate audit trail between the accounts and underlying financial records?
- Does LSWAPC have a procedure for the recovery of delinquent debt and the writing off of non-recoverable sums?
- Is LSWAPC fully compliant with GDPR regulations?

5. Significant Issues Identified via Governance Framework

Lapley, Stretton and Wheaton Aston Parish Council has not identified any significant issues arising from Governance Framework reviews in respect to the previous twelve months and the forthcoming year. In addition both Internal Audit and External Audit have similarly identified no arising issues.

6. Governance Framework Sign-Off

Parish Clerk:

Date:

Chairman:

Date: