

End of Year Review of Effectiveness: Internal Systems of Control – Year 2022-2023

1) Background:

1.1. Part 2: Regulation 3 of the Accounts & Audits Regulations 2015 states:

“A relevant authority must ensure that it has a sound system of internal control which —
(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
(b) ensures that the financial and operational management of the authority is effective; and
(c) includes effective arrangements for the management of risk.”

1.2. Part 2: Regulation 6 (1) of the Accounts & Audits Regulations 2015 states:

“A relevant authority must, each financial year —
(a) conduct a review of the effectiveness of the system of internal control required by regulation 3”

1.3. Part 2: Regulation 6 (2) of the Accounts & Audits Regulations 2015 states:

“If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must
(a) consider the findings of the review required by paragraph (1)(a) —
(i) by a committee; or
(ii) by members of the authority meeting as a whole”.

2) The Town Council’s ‘Systems of Internal Control’

2.1. The Town Clerk/RFO has been appointed the ‘Proper Officer’ of the Council as required within the Local Government Act 1972.

2.2. Arlesey Town Council (ATC) has appointed a Town Clerk/Responsible Financial Officer (RFO) to advise and guide them on achieving and maintaining proper practices.

2.3. In accordance with statute, the RFO determines on behalf of the council its accounting records, and accounting control systems.

2.4. The Town Council has adopted a number of prescribed and local systems of internal control which have been categorised under the following headings:

1. Legislation
2. Proper Practices
3. Governance Documents & Policies
4. Administrative Procedures
5. Reporting Practices
6. Risk Assessment & Insurance
7. Overview & Scrutiny

2.5. The Council has examined all of the above areas as part of this review and its findings are detailed in the table contained within the following pages.

3) The Mid Year Review – Year 2022-23

3.1. Legislation	Existing Controls	Ongoing Development
	- ATC is a paid up member to the Bedfordshire Association Town & Parish Councils (BATPC), the county association of the National Association of Town & Parish Council's (NALC) who work to represent, advise and guide local councils at a national level. - BATPC provides timely notification to the Council on changes in legislation which may affect the Council's lawful discharge of its duties. The Clerk reports all such communications ~~including their newsletters~~ to the next meeting of the Town Council. - ATC hold a ~~recent~~ copy (11th Edition) of Arnold-Baker's 'Local Council Administration' published by LexisNexis. This publication provides definitive guidance on local council law and procedures. - Personal Information Audit has been conducted by LCPAS. - Document retention policy adopted March 2019.	'Powers of Town Councils' to be detailed within a document to be formally acknowledged by ATC, and to form part of a 'New Councillor Pack' as detailed in the 'Development' section of 3.2. below. - Town Clerk and Assistant Clerk to attend GDPR training - Council to purchase the 13th Edition Arnold Baker's "Local Council Administration" available Dec 2022.
3.2. Proper Practices	Existing Controls	Ongoing Development
	- ATC hold a current version of the 'Governance & Accountability for Smaller Authorities in England (March 2022' and its Clerk/RFO and members are aware of the importance of this document in relation to the Council's proper governance of its affairs and the stewardship of resources under its care. - ATC subscribe on behalf of the Town Clerk to membership of the Society of Local Council Clerks (SLCC) who provide access to advice notes, experienced sector advisors, training & professional development, and local branch meetings. - The Town Clerk/RFO is CilCA qualified, providing the necessary skill sets to undertake the role and is an active member in the Bedfordshire branch of SLCC. Assistant Clerk is ~~undertaking~~ ILCA qualification qualified in preparation for the CilCA qualification in the coming year/s. - All members have either attended 'Councillor Training' or agreed to do so and the current Chairman has attended 'Chairmanship 1 and 2' training and is to complete Chairmanship 3 as soon as courses resume. A written record of attendance is kept within the office. Councillor training will be offered to all new councillors as part of induction for position of office. Chairmanship training to be offered to Chair if not previously attended. - ATC members have been provided with a copy of 4th edition of the 'The good councillor's guide' jointly produced by NALC/SLCC'. An electronic version of this guidance has been uploaded to the 'Documents' page of ATC's website.	- Council to formally adopt the 'New Councillor Pack' members to sign to acknowledge its existence and receipt. - Progress commitment to working towards accreditation under the 'Local Council Award Scheme'. - To adopt 'General Power of Competence' at such a time as 2/3 members filled by election.

- New Councillor packs issued to newly elected/co-opted members contains key governance documents, adopted policies, and acknowledged guidance publications - ATC has adopted the guide 'Being a good employer' and an e-version of this guidance has been uploaded to the 'Documents' page of ATC's website. - Bank balances are retained within protection limits of FSCS with new accounts approved for opening by resolution of full council.	
3.3. Governance Documents & Policies	Ongoing Development
Existing Controls - ATC adopted a 'Code of Conduct' (Localism Act 2011) on 4th Sept. 2012. Schedule 1 of the adopted 'Code' deals with the disclosure of pecuniary and non-pecuniary members' interests. A review of this document was undertaken 17th May 2022. - ATC reviewed and adopted latest NALC Model Standing Orders 17th May 2022. This document includes statutory regulations governing the calling/conduct of meetings and members conduct/declaration of interests. - ATC reviewed and adopted Financial Regulations 15th Nov 2022. This document controls the fiscal activities of the Council to provide accountability, deter misappropriation of funds, and controls expenditure. - ATC reviewed and amended adopted Committee Terms of Reference at the Annual Meeting of Town Council held on 17th May 2022 and amended F&GP Committee Terms of Reference January 2022. Council numbers cannot sustain any Committees other than Finance & General Purposes at present, however a review of Terms of Reference will be performed prior to Committee reinstatement when membership numbers allow. - During 2021/22, ATC reviewed and/or adopted the following policies: - Complaints Procedure – Reviewed January 2021. - Disciplinary Rules Procedure Policy – Reviewed March 2020. - Staff Grievance Procedure Policy – Reviewed March 2020. - Employee Dress Code Policy – reviewed March 2020. - Training & Development Policy – July 2021 - ATC has previously adopted the following management policies: - Freedom of Information Publication Scheme – May 2021 - Protocol on Member/Officer Relations – May 2022.	'Committee Terms of Reference' to be reviewed by ATC and formally adopted prior to reinstatement of Committees following increase in membership. - ATC FOI: Publication Scheme to be reviewed by Town Council in April 2023. - Council to review the following policies April/May 2023 at Annual Town meeting in accordance with Standing Orders adopted May 2022: - Complaints Procedure - Disciplinary Rules Procedure Policy - Staff Grievance Procedure - Employee Dress Code Policy - General Privacy Notice - Latest NALC Model Councillor-Officer Protocol incorporating civility and respect pledge, to be adopted December 2022.

	- Child Protection Policy – March 2022. - Local Government Pension Scheme (LGPS): Employer Discretion Policy Statement – Nov. 2014. - Bullying & Harassment Policy and Procedure – March 2022. - Town Council Strategy (with *appendices detailed below) – 4th August 2015. - Community Engagement Strategy (*Appendix 1) – January 2022. - Press & Media Policy (*Appendix 2) – January 2022. - Health & Safety Policy – March 2022. - Grants Policy & Procedure – July 2021. - Social Media Policy – July 2022. - Annual Investment Policy 2022/23 – February 2022. - Town Councillor Co-Option Policy – March 2020. - Anti-Fraud, Bribery & Corruption Plan – February 2022. - Land & Property Acquisition Policy – 31st March 2016. - Internal Audit Terms of Reference – February 2022 to be combined with year-end review of Effectiveness of internal controls - Equality Policy – reviewed March 2021. - General Privacy Notice – February 2022 - Data Protection Policy – for review April 2023. - Health Capability Procedure – January 2017.
3.4. Administrative Procedures Ongoing Development • Key functions to be documented in 2022/23: - Financial records data entry & maintenance - Cemetery management & record keeping – - Resource Centre management - Play area & outdoor equip. management - War memorial management - Open Spaces management - Street Furniture management - Street Lighting management - Personnel management - Asset management - Risk Assessment - Reporting practices • An 'Administration Schedule' to be prepared during 2022/23 to set out the key dates and tasks of the Council's calendar.	Existing Controls • Job Descriptions provide the scope of responsibility for each employee, and training is arranged where necessary, annual appraisals conducted monitoring performance. • All payments made are verified by 2 members and the Clerk after being raised by Assistant Clerk. • A 'Purchase Order' system is in place to record orders placed and services received and authorised by Town Clerk prior to order being placed. • All monies received are recorded in a post in record, kept locked in a safe and banked regularly – cash payments are not encouraged, electronic receipts are preferred. • Debtors & Creditors are monitored monthly, and overdue accounts are followed up and communications logged. • Bank reconciliations are undertaken monthly and verified by a member of the Council who has not been a signatory for payments that month. • Cash Books, Purchase Ledger/Sales Ledger Day Books, and Trial Balances are printed monthly.

- VAT Returns are submitted quarterly using making tax digital, repayments are tracked to ensure receipt. - Payroll is produced monthly using MONEYSOFT payroll software and is verified by 2 members. - Holiday entitlements are reviewed and verified by Chairman of Council during period without committees. - A 'Maintenance Schedule' provides to ensure the Council's property is properly maintained. - Adjustments to staff salaries/pay scales are approved by resolution during full council meeting.	
3.5. Reporting Practices	Ongoing Development
- Each ordinary meeting of the full Council reviews: - Balance Sheet – stating Cash Funds held, Debtors & Creditors and Earmarked Reserves. - Year-to-date 'Income & Expenditure vs Budget' report - Payment of Accounts - verified by 2 members and Town Clerk/RFO. - Year-end Accounting Statements, Bank Reconciliations, and Significant Variances are annually reported to Council for approval by 30th June each year. - An Internal Audit Report was acknowledged and actioned by ATC on 21st June 2022. - The External Auditors conclusion was reported to Council 18th October 2022– No issues raised.	Clerk to provide a briefing to members in June 2023, to assist in the completion of the Annual Governance Statements (Section 2). Year end 31 March 2023.
3.6. Risk Assessment & Insurance	Ongoing Development
- Risk Assessment is undertaken annually covering the following areas: Assets Control: Asset Register maintenance, Property Management, Security and Insurance. Finance: Petty Cash, Budgeting, Payments & Receipts, Bookkeeping, Banking, Reconciliations, Loans & Investments, Financial Reporting, and compliance with HMRC regulations. Payroll: Record Keeping, Salaries & Benefits, Deductions, Employee Contracts, Year-End. Health & Safety: H&S Policy, Training, Responsible Officer, First Aid, Fire/Water Risk Assessments. Council & Members Conduct: Compliance with legislation/good practice, Members Interests. Property Owners' Liability: Adequate public liability insurance.	Insurance review to be carried out April 2023.

- Employers' Liability: Display of current certification. - Officers' & Members' Indemnity: Adequate level of Fidelity Guarantee and Libel/Slander Cover. • A review of the Council's insurance arrangements is undertaken each year. • An Internal Audit Risk Assessment was last carried out in 2015/16. • Clerk absence - security information for systems and accounts stored safely and copy provided to Chairman to mitigate against business interruption on prolonged absence of Clerk – Assistant Clerk to undergo CiLCA training to provide adequate cover in such an event.	
3.7. Overview & Scrutiny	Ongoing Development
Existing Controls • Meeting agendas/minutes are uploaded to the Council's website, made accessible in accordance with WCAG 2.1 and public participation is permitted at the beginning and end of each meeting. • Members' interests are declared to the Monitoring Officer within 28 days of taking office, updated when necessary and considered at the start of each meeting in relation to business on each agenda. • An Audit Plan is annually approved by Council, detailing arrangements for internal and external audit. • The effectiveness of internal audit is assessed and considered each year by the Council.	• Declared interests to be reviewed annually at the Annual Meeting of the Town Council and any updates required passed to the Monitoring Officer.

4) Conclusion:

ATC is operating within the relevant the legal framework, and has established a sound system of internal control to support the management of its duties and functions. ATC has continued to develop its methods of communicating with the electorate, quarterly editorials are published in Arlesey News. The website is fully operational along with new.gov.uk email addresses – Councillors to be issued with .gov.uk emails to reduce risk, WCAG 2.1 compliance reviewed regularly – AGAR not compliant as scanned pdf – this is relevant to all T&P councils. Increased social media communications are being delivered. Monthly 'Cllr Surgeries' have been put on hold due to shortfall in current membership and ongoing pandemic. Clerk is CiLCA qualified enabling General Power of Competence to be adopted at a stage when two thirds of full membership is filled by elected members.

Prepared by Janet Bailey (Town Clerk)

Date: 10th November 2022

For Review and Adoption by Arlesey Town Council on Tuesday 15th November 2022.