

Report to Internal Auditors showing the action taken by the Hannington Parish Council in relation to the FOUR Recommendations made in the 2015-16 Audit.

EXTRACTS OF ISSUES RAISED **Review of Corporate Governance**

Conclusions and recommendations

Whilst we are pleased to record that no significant issues exist at present affecting our sign-off of the year's Annual Return, we consider that the Council's extant governance documentation should be further reviewed and brought fully into line with the NALC model documents, also ensuring that a consistent value is recorded and applied for formal tender action and suggest that the value be set at £1,000.

- R1. The Council should undertake a further review of its Standing Orders and Financial Regulations, brining both into line with the latest NALC model documents.*
- R2. The revised documents should be consistent in identifying the value at which formal tender action is required.*

Review of Expenditure & VAT

Conclusions and recommendations

We are pleased to report that no significant issues have been identified in this area, although, in line with best practice, we suggest that consideration be given to the acquisition of a rubber certification stamp to be affixed to each invoice. Ideally, the stamp should provide for the clerk's initials confirming receipt of goods and services and the arithmetic accuracy of the invoice; the initials of both members approving the payment; the date and cheque / unique reference number of the payment being processed.

- R3. In line with best practice, a suitably designed rubber stamp should be acquired and be affixed to each invoice / payment document evidencing the effective review and approval for payment.*

Assessment and Management of Risk

Conclusions and recommendation

As indicated above, the Council is now mandatorily required to undertake an annual re-assessment of potential risks, formally reviewing and adopting the resultant documentation at least once annually in accordance with the requirements of the "Governance and Accountability Manual - The Practitioner's Guide".

- R4. The Council must ensure that it complies with the Governance and Accountability Manual reviewing and adopting the risk assessments at least once annually.*

Rec. No.	Recommendation	Response
Review of Corporate Governance		
R1	The Council should undertake a further review of its Standing Orders and Financial Regulations, bringing both into line with the latest NALC model documents.	See extract below of the Minutes of the Sept 2016 meeting. A copy of the amended Standing Orders have already been supplied.
R2	The revised documents should be consistent in identifying the value at which formal tender action is required.	See extract below of current Standing Orders para 9.5
Review of Expenditure		
R3	In line with best practice, a suitably designed rubber stamp should be acquired and be affixed to each invoice / payment document evidencing the effective review and approval for payment.	This recommendation has NOT been adopted. The Parish Council has very few invoices and instead of a rubber stamp... each invoice is separately ' certified ' as being correct and appropriate (normally by the Clerk, unless there is potential 'conflict ie the payment is to the Clerk), with the ' authorisation ' still being undertaken by TWO Cllrs. Where the Clerk does NOT 'certify' the invoice; three Cllrs are involved, one to certify and the two others to authorise.
Assessment and Risk Management		
R4	The Council must ensure that it complies with the Governance and Accountability Manual reviewing and adopting the risk assessments at least once annually.	See extract from Sept 2016 Minutes below

Internal Audit Recommendation R1

Extract from Sept 2016 Minutes

9.c Standing Orders

The current Standing Orders were last updated in January 2016 to reflect the decisions taken with regards the role and duties of the Clerk.

The Council **AGREED** the current version, noting that the Clerk may need to draft changes to reflect the Complaints Procedure (agenda item 9e) later in the agenda, and to update the duties of the Parish Clerk in relation to being the Health & Safety Officer.

9.d Financial Regulations

The current Financial Regulations were amended in January 2016, in line with recommendations issued by NALC.

NALC issued its latest advice in May 2016. These were circulated by HALC in July.

The Council **AGREED** the two changes proposed by NALC:-

Para1.6 is amended to provide for the possibility of disciplinary action in the breach of regulations, rather than a definitive statement as to gross conduct.

Para 6.3 is re-written to apply more generally than in respect of 'disclosable interests', and also requiring that the Clerk counter-signs cheques (certifying their accuracy etc) as well as the two Councillors (authorising their payment).

The new wording for the two paragraphs was included in the report to Council.

ACTION: Clerk to amend the FRs accordingly.

Internal Audit Recommendation R2

Extract from current Standing Orders

9.5 Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £1,000 shall be procured on the basis of a formal tender as summarised in paragraph 9.6 below. [paras 9.5, 9.6 and 9.7 have been transferred from Standing Orders 24 b. c. and d.... as recommended by NALC in "Following adoption of new FRs based on the revised Model, it is expected that councils will amend their Standing Orders to delete all reference to contracts and orders therein, in order to avoid duplication and possible contradictions with newly adopted FRs".]

Internal Audit Recommendation R4

Extract from Sept 2016 Minutes

9.a Risk Register

The Clerk reported that, at the time of the meeting, he had not received the final report from the 'external' auditors on the Final Accounts 2015/16.

He has since received their report dated 21 September. They reported a single 'issue'; that for 2015/16 *'The risk assessment was reviewed during the year, however was not accepted during the year. This is contrary to Accounts and Audit Regulations 2015'*. The Parish Council, in earlier written communication with the auditors have disputed the auditor's interpretation of the relevant Parish Council Minute. Whilst the external auditor has not changed his conclusion, he has NOT followed through with a 'qualified audit opinion', as originally mooted.

ACTION: The Council MUST 'approve' the risk assessment ie Risk Register in each financial year.

The Clerk had circulated in advance of the meeting the latest version of the Risk Register. This version took into account the changes agreed in 2015/16, and other known and anticipated changes that had arisen since then eg risks following the resignation of the Clerk, provision of salt bins and the question of a Neighbourhood Plan (Agenda item 10).

The Council **AGREED** the Risk Register, without further amendment.

Chris Pottinger,
Clerk, Hannington Parish Council
23rd March 2017

