

Westerham Town Council Risk Assessment of Financial & Non-Financial Internal Controls

Adopted: January 2015

Reviewed January 2020

REVIEWED: Annually

Document Review Plans

This document will be reviewed and updated, if necessary, as stated below:

- Following an annual review: January 2021
- Following legislative changes which impact these controls
- Following changes in guidance made by the National Association of Local Councils (NALC) or other relevant bodies

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Document Overview

Purpose - this document is designed to ensure that the Town Council meets its requirements to:*

- maintain an adequate system of internal control, including measures to prevent and detect fraud and corruption, and 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, including appropriate internal controls
- maintain an adequate and effective system of internal audit of the Council's accounting records and control systems and review their effectiveness.

**Reference Governance and Accountability for Local Councils A Practitioner's Guide 2014 (England)*

How to use this document - this document should be used to understand:

- the internal governance controls
- the various types of identified risks together with potential for improvements
- any actions identified to mitigate risks and/or improve internal controls

Scope - this document covers the following:

- Governance
- Financial Controls
- External Audit Governance
- Quality Town Status Test

No.	Internal Controls	Risks identified / potential for improvements & review of effectiveness	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 reviewed in December 2018		Review 2022
1.2	Financial Regulations		
1.2.1	The Deputy Clerk is appointed Responsible Financial Officer, with duties as detailed in the Financial Regulations.		
1.2.2	Financial Regulations have been adopted. They are reviewed at least every four years – last reviewed in December 2017		Review March 2020 due to change in the model financial regulations
1.3	Freedom of Information		
1.3.1	The Council adopted a Model Publication Scheme – last reviewed in March 2019		Review March 2020
1.4	Complaints Procedure		
1.4.1	The Council has a complaints procedure – last reviewed in January 2016		Review Jan 2020
1.5	Measures to prevent fraud and corruption		
1.5.1	The Council has adopted a Code of Conduct – last reviewed in December 2019		Review May 2023
1.5.2	All Councillors sign a Declaration of Acceptance of Office on election or co-option.		

No.	Internal Controls	Risks identified / potential for improvements & review of effectiveness	Action required
1.5.3	All Councillors complete a Register of Interests and provide updated information as appropriate. Copies are held with the Council (& displayed on the Council website) and by Sevenoaks District Council Monitoring Officer.	To be circulated annually to remind Councillors and for update on changes	
1.5.4	There is an agenda item for Councillor Declarations of Interest on Committee and Full Council agendas.		
1.6	Insurable risks		
1.6.1	Fidelity Guarantee insurance cover is held in the sum of £250,000 to cover employee fraud and dishonesty: Zurich Municipal Policy YLL-272008-1003		A full policy review by AW, DM with the provider November '17. Review insurance levels annually – due June 2020.
1.6.2	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: Zurich Municipal Policy YLL-272008-1003		A full policy review by AW, DM with the provider November '17. Review insurance levels annually – due June 2020.
1.7	Employment controls		
1.7.1	The Council has 5 employees, all with contracts and job descriptions. Salary and conditions reviewed annually.		Review annually
1.7.2	Standing Orders and Financial regulations outline Clerk's role and that of Responsible Financial Officer		
1.8	Insurable Risks		
1.8.1	Employer's Liability insurance held in the sum of £10 million: Zurich Municipal Policy		A full policy review by AW, DM with the provider November '17.

	YLL-272008-1003		Review insurance levels annually – due June 2020.
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No.	Internal Controls	Risks identified / potential for improvements & review of effectiveness	Action required
1.9	External Audit annual governance statement requirements		
1.9.1	Statement of accounts formally approved by Full Council		
1.9.2	System of internal controls maintained and its effectiveness reviewed using this document		
1.9.3	Council only does things it has legal power to do. Legal powers are not noted in minutes as the Council holds the General Power of Competence.		
1.9.4	Notice of audit displayed on four Council notice boards to allow electors to inspect accounts as required by Accounts and Audit Regulations		
1.9.5	<p>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. Risk assessment documents comprise:</p> <ul style="list-style-type: none"> • This document • WTC Financial Risk Assessment • WTC Review of Effectiveness of Internal Audit • WTC Asset Register, reviewed annually • WTC risk assessments • Health and Safety Committee minutes 		

	<ul style="list-style-type: none"> • ROSPA annual risk assessments carried out for Long Pond, KGF, tennis courts, playground, and skate park. • Legionella risk assessment • Risk assessments carried out for events on Council land • Weekly in-house visual inspections of the playground, bridge, skate park, tennis court and playing field, pavilion and bus shelters • Visual inspection programme established for: Benches, notice boards, Russell House, Fullers Hill Toilets, allotment sites, open spaces 		
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1.9.6	Appropriate steps are taken to deal with matters raised in reports from the internal and external auditor through agenda items on the F&GP Committee		
1.10	Other guidance/controls		
1.10.1	Health and Safety Policy – reviewed June 2019		Review June 2020
1.10.2	The Council has a Child Protection Policy – reviewed June 2019		Review June 2020
1.10.3	The Council has an Equal Opportunities Statement - reviewed June 2019		Review June 2020
1.10.4	Lone Working Policy – reviewed June 2019		Review June 2020

1.10.5	Violence at Work – reviewed June 2019		Review June 2020
1.10.6	Child & Vulnerable Adult Protection Policy – reviewed June 2019		Review June 2020

No.	Internal Controls	Risks identified / potential for improvements & review of effectiveness	Action required
2	Financial controls	– See Financial Risk Assessment	
2.1	Proper Bookkeeping		
2.1.1	Cashbook is maintained using RBS Alpha software, which is updated regularly. Records copied to an external hard drive	RFO is only holder of Alpha software. Accounts available on website	
2.2	Payment Controls		
2.2.1	<ul style="list-style-type: none"> • A monthly list of payments is prepared for F&GP & Full Council meetings for approval (as per Financial Regulations) and recorded in the minutes. • Cheques are signed by any 2 signatories and the stubs and invoices initialled. • Online payments are authorised by any 2 signatories & invoices initialled to indicate approval. • Debit card usage limited to the Clerk/RFO, with a maximum single transaction value of £1,000, without prior authorisation in writing, to be subsequently confirmed by authorised parties. 		

2.2.2	VAT payments are made on VAT tax invoices showing registration no. Quarterly reclaims are made.		
2.3	Budgetary Controls		
2.3.1	The Council precept is approved at Full Council, following a recommendation from the F&GP committee in January.		
2.3.2	RFO presents an income and expenditure update to each F&GP Committee & Full Council meeting.		

No.	Internal Controls	Risks identified / potential for improvements & review of effectiveness	Action required
2.4	Petty Cash Procedures		
2.4.1	No petty cash is held		
2.5	Bank Reconciliation		
2.5.1	The two bank accounts are reconciled by the RFO.		
2.5.2	Monthly bank reconciliations are undertaken by the RFO & signed off by a councillor on the bank statements.		
2.6	Year end procedures		
2.6.1	Full cross casting of the cashbook is agreed to the final accounts		
2.6.2	An audit trail is provided by the Alpha accounts package		

2.7	Asset Controls		
2.7.1	An asset register is held, with insurance valuation updates annually. Asset information is recorded in the supporting papers to the Final Accounts		
2.8	Asset controls - Insurable risks		
2.8.1	Finance Regulations provide for the Clerk to effect all insurance following an annual risk assessment. This is reviewed by the F&GP Committee in May		

No.	Internal Controls	Risks identified / potential for improvements & review of effectiveness	Action required
2.8.2	Annual risk assessments are reviewed on receipt and maintenance requirements addressed		
2.8.3	Weekly visual inspections on playground, bridge, skate park, tennis court and playing field, pavilion and bus shelters and findings recorded, and acted upon by Clerk/Deputy Clerk. Visual inspection programme established for: benches, notice boards, Russell House, Fullers Hill Toilets, allotment sites, open spaces		
2.8.4	List of assets maintained and updated during the year, insurance cover extended for new acquisitions when appropriate. Copy presented to Councillors with annual statement of accounts		
2.8.5	Assets covered by Material damage and All risks cover Zurich Municipal Policy YLL-272008-1003		A full policy review by AW, DM with the provider November '17. Review insurance levels annually – due June 2020.

2.8.6	Insurance provider reviewed from time to time for competitive pricing – 5yr contract awarded June 2018		Review December 2022
3	Local Council Award Scheme 2015		
3.0	The Council successfully achieved the Quality Award in April 2017, to be for 4 years	Gold Award to be sought	Application for Gold Award - TBA

No.	Internal Controls	Risks identified / potential for improvements & review of effectiveness	Action required
3.1	Electoral mandate		
3.1.1	Council 2/3 elected at last election held May 2019	2/3 elected must be maintained	Election May 2023
3.2	Qualifications of Clerk		
3.2.1	Clerk holds CILCA and Cert HE in Community Governance: Local Council Management Deputy Clerk holds CILCA, Assistant Clerk holds ILCA		
3.3	Meetings		
3.4	Communications - mandatory		
3.4.1	The Council has a website that is regularly updated and recently redesigned to improve community engagement.		

3.4.2	The Council has an email address that is widely publicized on notice boards, the Council and Town websites, and in TN16 (free newspaper).		
3.4.3	A newsletter is included in TN16, monthly, delivered by hand to almost every household.		
3.4.4	Town Council information is placed on the four notice boards and a website and face book page are all updated regularly.	Look at whether communication procedures could be improved	Consider communicating via Twitter/Instagram
3.5	Annual Report		
3.5.1	Annual report is completed and published by 30 th June of the following year, is available to any elector, placed on notice boards and website and delivered to almost every household in parish with TN16. Councillor contacts are included, a summary of accounts and a Chairman's overview.		
3.6	Accounts		
3.6.1	Accounts are prepared in accordance with statutory requirements, approved within three months of the accounting date and published within six months and available to the electorate.		
3.7	Code of Conduct		
3.7.1	See item 1.5.1 above		
3.8	Promoting Local Democracy and Citizenship		
3.8.1	The Council actively supports local democracy and citizenship through its public session at meetings, making information widely available through use of notice boards, website and TN16.		

3.9	Clerk's Contract Terms and Conditions		
3.9.1	The Council has adopted NALC/SLCC Terms and Conditions for Clerk and contract of employment signed		
3.10	Training		
3.10.1	Council has evaluated and identified training needs for staff and members. Training strategy adopted October 2019.		Review 2023