

Hazelbury Bryan Parish Council

Governance Framework

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Executive Summary

This document is intended to be the single reference containing evidence of compliance of Hazelbury Bryan Parish Council against mandatory Governance requirements.

The format of the document is straightforward and has been broken down into sections; each section covers one of the 9 key external audit questions.

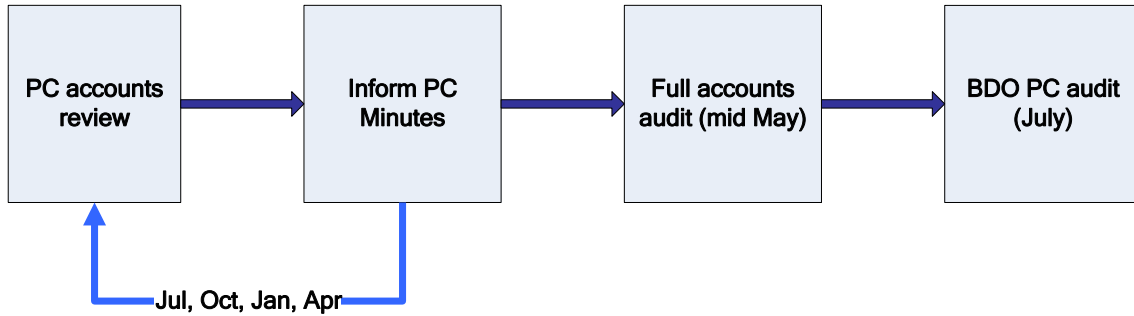
This is intended to be an organic, living document that will incorporate additions as they become available or relevant, for example, Financial Standing Orders will be included in their own Annex. Items of information that relate to Parish communications and the development of e-access to Parish matters will also find a place in this document.

This document has been optimised for double-sided printing with a spiral binding. It is designed to open out in book form and contains both graphical indicators of tasks or activities and, critically, timelines that indicate key dates for tasks to be undertaken or completed.

1 Statement of Accounts

“We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.”

1.1 Process/Action(s) Required:



1.2 Key dates:

April	PC Q4 account review
May	Accountant audit
June	Internal audit
July	BDO external audit, PC Q1 account review
August	
September	
October	PC Q2 account review
November	
December	
January	PC Q3 account review
February	
March	

1.3 Summary of Evidence of Compliance

Through the year the administration of the accounts will be monitored by the Councillors who are authorised signatories to the account. In addition the accounts will be reviewed on a quarterly basis (July, October, January and April) by councillors who are not authorised signatories. A full audit by professional accountants will be performed in May for the previous year’s accounts. These reviews will be subsequently minuted at Parish Council Meetings.

Items for consideration on the HBPC Asset Register will be:

Alec’s Field incl Play Area

The Keep

The Cemetery

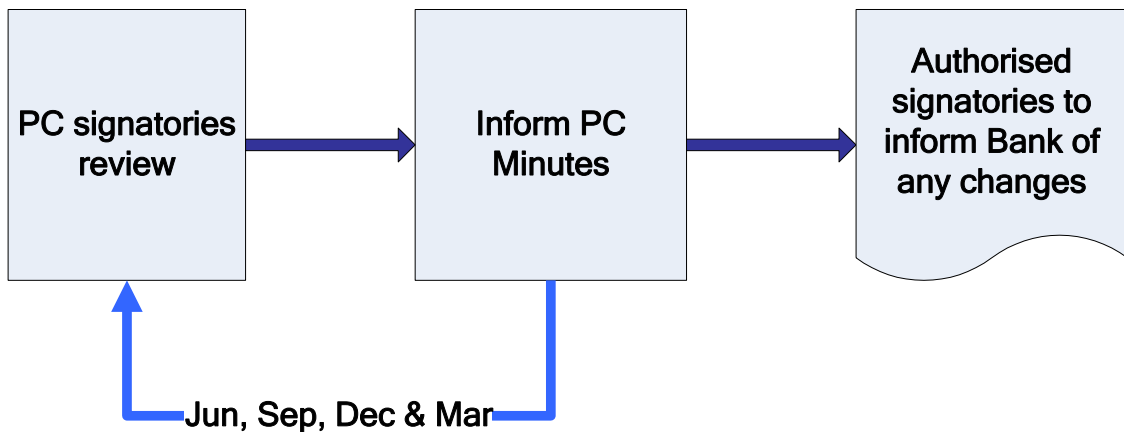
The Village Hall land

The market and insurance value of the assets will be assessed on regular basis (maximum 5 years) or after significant change.

2 System of Internal Control

“We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.”

2.1 Process/Action(s) Required:



2.2 Key dates:

April	
May	
June	Review of authorised signatories
July	
August	
September	Review of authorised signatories
October	
November	
December	Review of authorised signatories
January	
February	
March	Review of authorised signatories

2.3 Summary of Evidence of Compliance

Through the year the Parish Clerk will ensure that the list of authorised signatories is maintained and lapsed signatories are removed. All changes will be reported in the HBPC Minutes.

Only authorised signatories will be able to conduct payment transactions.

The Parish Clerk will only make internal transfers between the council’s savings account and the current account as authorised.

A review will be conducted by all councillors at quarterly intervals to ensure compliance and the results minuted.

3 Compliance with laws, regulations and codes of practice

“We took all reasonable steps to assure ourselves that 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.”

3.1 Process/Action(s) Required:

Ongoing best practice during Parish Council business and compliance with the standard practices contained in appropriate reference works.

The new Parish Clerk appointed from 1st April 2013 will be encouraged to obtain the CiLCA qualification to prove awareness of the Regulations and Codes of Practice.

3.2 Key dates:

April 2013 - Parish Clerk will join SLCC (Society of Local Council Clerks)

April 2014 - Parish Clerk will register with NALC (National Association of Local Councils)

Year commencing April 2015 - Parish Clerk will aim to obtain CiLCA(Certificate in Local Council Administration)

3.3 Summary of Evidence of Compliance

A copy of “*Local Council Administration*”¹ has been purchased for reference by the Parish Clerk and the Parish Council. This is the standard reference work in this domain and has been acquired to allow Parish Councillors and the Parish Clerk to become familiar with appropriate Regulations, Codes of Conduct and Laws.

In all Parish Council meetings there will be a routine agenda requirement to declare any vested interests on the part of Councillors prior to all discussions.

The Parish Council will only discuss agenda items i.e. adherence to Parish Council matters.

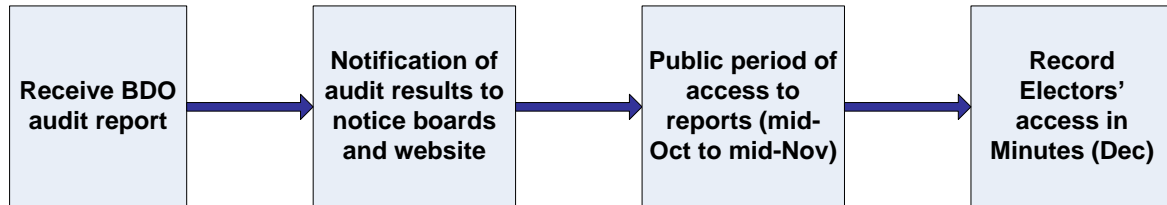
Discussion of all additional items raised during the meeting will be deferred and added to the Agenda for the next month if appropriate.

¹ “*Local Council Administration*”, Arnold-Baker, C., 2006, pub. Butterworths, 7th Edition, ISBN 1405712961

4 Exercise of Electors’ Rights

“We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.”

4.1 Process/Action(s) Required:



4.2 Key dates:

April	
May	
June	
July	
August	
September	BDO external audit received
October	Public access to report & accounts (notice boards and website)
November	Public access to report & accounts (notice boards and website)
December	Record electors’ access in minutes
January	
February	
March	

4.3 Summary of Evidence of Compliance

The reports of internal and external auditors will be recorded and displayed on appropriate notice boards and notices will be posted indicating the availability of such reports for viewing through the Parish Clerk. The requirements for such display and notification will be complied with throughout the financial year.

All Council notices will be posted on the Hazelbury Bryan website under the Parish Council link.

5 Risk Assessment

“We carried out an assessment of the risks facing the council and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.”

5.1 Process/Action(s) Required:

Conduct risk assessment every February.

5.2 Key dates:

April
May
June
July
August
September
October
November
December
January
February Conduct risk assessment and generate risk plan
March

5.3 Summary of Evidence of Compliance

The Parish Council will, as a group, conduct an annual risk assessment every February.

The risk assessment will be carried out by identifying any risks associated with items on the PC Asset Register, combined with any other miscellaneous risks.

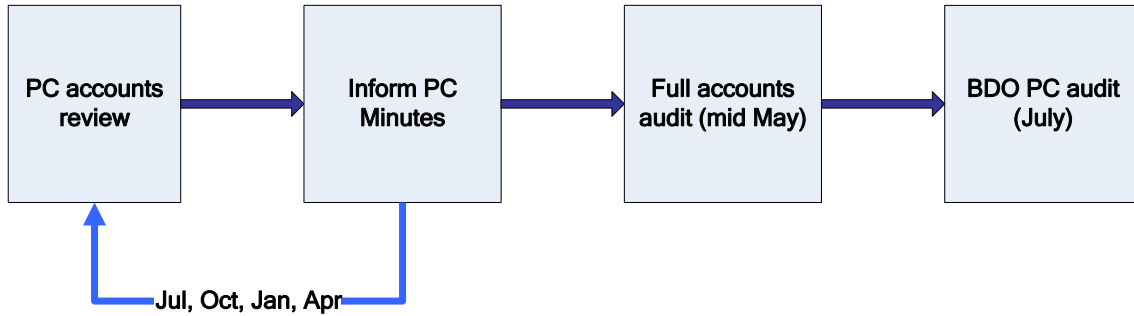
All risks will have an associated mitigation plan which will be recorded in a Risk Plan and minuted.

The risk assessment will be attached to this document in **“Annex A: Hazelbury Bryan Parish Council Risk Register”**

6 System of Internal Audit

“We maintained throughout the year an adequate and effective system of internal audit of the council’s accounting records and control systems.”

6.1 Process/Action(s) Required:



6.2 Key dates:

April	PC Q4 account review
May	Accountant audit
June	internal audit
July	BDO external audit , PC Q1 account review
August	
September	
October	PC Q2 account review
November	
December	
January	PC Q3 account review
February	
March	

6.3 Summary of Evidence of Compliance

Through the year the administration of the accounts will be monitored by the Councillors who are authorised signatories to the account.

In addition the accounts will be reviewed on a quarterly basis (July, October, January and April) by councillors who are not authorised signatories and therefore who are independent. These reviews will take place and will be minuted at Parish Council Meetings.

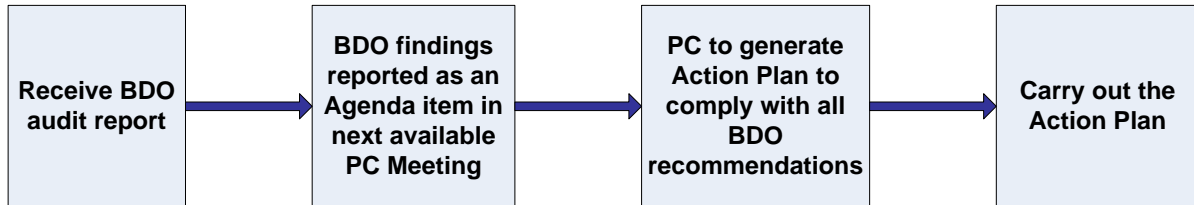
A full audit by professional accountants will occur every May for the previous year’s accounts.

The effectiveness of the internal review process will be judged on the outcome of the full professional accountant’s audit. If the accounts are in order and correct we will consider the internal process to be effective. This will be minuted as required.

7 Internal and External Audit Actions

“We took appropriate action on all matters raised in reports from internal and external audit.”

7.1 Process/Action(s) Required:



7.2 Key dates:

April	
May	
June	
July	
August	
September	Agenda discussion of BDO at next PC meeting
October	Generate compliance Action Plan
November	PC agreement on Action Plan
December	Carry out Action Plan
January	
February	
March	

7.3 Summary of Evidence of Compliance

BDO Report 2012 was discussed at the October 2013 PC meeting (minute 129/12).

Two matters were listed:

- Section 1 does not add up by £1
- Financial regulations and standing orders need updating

All key recommendations have been accepted by the Parish Council, Standing orders have been updated (minute 130/12). Financial orders will be updated using the NALC specimen financial orders due for release summer 2013.

8 Financial Impacts on the Council

“We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the council and, where appropriate have included them in the statement of accounts.”

8.1 Process/Action(s) Required:

Ongoing good practice, consultation with the Parish Risk Register & Risk Plan, and disclosure of interests by Councillors during the course of Parish business.

8.2 Key dates:

Ongoing

8.3 Summary of Evidence of Compliance

During the course of PC business any liabilities etc will be recorded in the Risk Register and Plan, together with action that will be needed to mitigate that liability etc.

9 Trust Funds (including charitable)

“In our capacity as the sole managing trustee we discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.”

9.1 Process/Action(s) Required:

The accounts of the Playing Field are reviewed on an annual basis at the time of the external audit.

9.2 Key dates:

April
May Review Playing Field accounts
June
July
August
September
October
November
December
January
February
March

9.3 Summary of Evidence of Compliance

The Parish Council is the sole trustee of Alec’s Field. The running of the Field is managed by the Playing Field committee. The Parish Council will audit its accounts and fund raising activities.

Note: The Village Hall is not a trust but a charity and therefore subject to a separate audit by the Charities Commission.

Annual summary of actions and dates required

	April	May	June	July	August	September
Question 1	PC Q4 account review	Accountant audit	Internal audit	BDO external audit PC Q1 account review		
Question 2			Review of authorised signatories			Review of authorised signatories
Question 3	April 2013 Parish Clerk will join SLCC	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Question 4						BDO external audit received
Question 5						
Question 6	PC Q4 account review	Accountant audit	BDO external audit	BDO external audit PC Q1 account review		
Question 7						Agenda discussion of BDO at next PC meeting
Question 8	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Question 9		Review Playing Field accounts				

Annual summary of actions and dates required (cont)

	October	November	December	January	February	March
Question 1	PC Q2 account review			PC Q3 account review		
Question 2			Review of authorised signatories			Review of authorised signatories
Question 3	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
Question 4	Public access to report & accounts (notice boards and website)	Public access to report & accounts (notice boards and website)	Record electors' access in minutes			
Question 5					Conduct risk assessment and generate risk plan	
Question 6	PC Q2 account review			PC Q3 account review		
Question 7	Generate compliance Action Plan	PC agreement on Action Plan	Carry out Action Plan			
Question 8						
Question 9						

Useful references:

Standard reference works have been consulted in generating this document, such as:

“The Good Governance Standard for Public Services” found at:

<http://www.opm.co.uk/resources/good-governance-standard-for-public-services/>

“The Parish Council Toolkit” from the Association of Council Secretaries and Solicitors, found at:

http://www.acses.org.uk/public_file/filename/2/Parish_Council_Toolkit_Update_-_Full.pdf

Annex A: Hazelbury Bryan Parish Council Risk Register

Financial Risks

INCOME TABLE- Medium Risk

Topic	Identified Risk	H/M/L	Management Strategy	Action	Action By	Frequency	When?
Allotments Cemetery	Invoices for Rent	M	Account entries	Reminder	RFO	1	Annual
Cemetery	Memorial Fees	M	Accounts entries	Review	RFO	2	Monthly
Cemetery	Undertakers Invoices	M	Accounts entries	Review	RFO	2	Monthly
Precept	Adequacy of precept	M	Budget	Diary	RFO	3	Nov

EXPENDITURE TABLE – Medium Risk

Topic	Identified Risk	H/M/L	Management Strategy	Action	Action By	Frequency	When?
Legal Powers	Illegal Activity	H	Training Cllrs/RFO	Diary	Clerk	6	Annual
Assets	Loss or Damage	M	Asset Register	Record	Clerk	2	Sept
Assets	Risk to 3 rd Parties	M	Insurance	Review	Clerk	2	Sept
Banking	Wrong Signatories	M	Biannual check	Minute	RFO	5	Dec/Jan
Banking	Access Control	M	Documents & Passwords	Audit	RFO	5	Dec/Jan
Cllrs Allowances	Cllr Overpaid	M	Check against DAPTC	Audit	RFO	2	Apr

Topic	Identified Risk	H/M/L	Management Strategy	Action	Action By	Frequency	When?
Costs & Expenses	Invoice incorrect	M	Check arithmetic	Audit	RFO	1	Monthly
Costs & Expenses	Sum incorrect	M	Check arithmetic	Audit	RFO	1	Monthly
Costs & Expenses	Wrong Payee	M	Check on signing	Audit	RFO	1	Monthly
Financial Records	Archiving	M	Annual Review	Diary	Clerk	2	Dec
Grants/Donations	Power to Pay	M	Minute Power	Record	Clerk	2	Monthly
Loss	Damage or Crime	M	Insurance	Diary	RFO	5	As req.
Maintenance	Poor Performance	M	Annual Insp (ROSPA)	Diary	Clerk	5	Sept
Members Interests	Conflicts	M	Each meeting	Minute	Cllrs	10	Mthly
Salaries	Wrong Hours	M	Time sheet	Audit	RFO	2	Monthly
Staff	Loss of Clerk	M	Contingency fund	Monitor	Chair	2	Qrtly
VAT	VAT Analysis	M	Accounts content	Audit	RFO	6	Annual
VAT	On Sales	M	Accounts content	Audit	RFO	6	As req.
VAT	Time Limits	M	Specified by HMRC	Audit	RFO	5	Annual

INCOME TABLE- Low Risk

Topic	Identified Risk	H/M/L	Management Strategy	Action	Action By	Frequency	When?
Cemetery	Grave allocation	L	Burial Register	Review	Clerk	3	Half yr
Investment Income	Best Value	L	Review Annually	Diary	Audit Grp	4	Nov

Topic	Identified Risk	H/M/L	Management Strategy	Action	Action By	Frequency	When?
Investment Income	Confirm Receipt	L	Quarterly internal reviews	Diary	Audit Grp	1	Qtrly
Investment Income	Surplus Funds	L	Review Annually	Diary	Audit Grp	2	Nov
Precept	Not Submitted	L	Confirm submitted	Diary	RFO	1	Dec
Precept	Not Paid by DC	L	Confirm received	Diary	RFO	2	Apr/Nov

EXPENDITURE TABLE – Low Risk

Topic	Identified Risk	H/M/L	Management Strategy	Action	Action By	Frequency	When?
Legal Powers	Illegal Activity	H	Training Cllrs/RFO	Diary	Clerk	6	Annual
Assets	Loss or Damage	M	Asset Register	Record	Clerk	2	Sept
Assets	Risk to 3 rd Parties	M	Insurance	Review	Clerk	2	Sept
Banking	Wrong Signatories	M	Biannual check	Minute	RFO	5	Dec/Jan
Banking	Mandate	L	Internal audit	Audit	RFO	1	Jan
Costs & Expenses	Not supplied	L	Confirm orders	Audit	RFO	2	Apr
Costs & Expenses	Loss of Stock	L	Annual review	Audit	RFO	1	Apr
Election Costs	Agreed rate?	L	Check with NDDC	Check	Clerk	1	As req.
Financial Records	Standard of	L	3 x per year (minuted)	Diary	Cllrs	10	A/N/M
Grants/Donations	Agreement to Pay	L	Minute	Record	Clerk	2	Monthly

Topic	Identified Risk	H/M/L	Management Strategy	Action	Action By	Frequency	When?
Grants/Donations	Conditions	L	SMART conditions	Audit	Clerk	1	Dec/Jan
Grants/Donations	Verification	L	RFO check for Budget	Check	RFO	2	Apr
Minutes	Accurate/Legal	L	Councillors oversight	Review	Cllrs	10	Mthly
Reserves – General	Adequacy	L	Monitor £5kmin £15kmax	Audit	Clerk	8	Monthly
Reserves – General	3 Year Plan	L	£5kmin £15kmax	Report	Clerk	2	Jan
Reserves – Ring Fenced	Adequacy	L	Confirm on allocation	Report	Clerk	4	Sept
Reserves – Ring Fenced	ID Purpose	L	Clear written in accounts	Audit	IA	1	As Req
Salaries	Wrong Salary	L	Contract	Review	RFO	2	Dec
Salaries	Wrong Pay Rate	L	Contract	Review	RFO	1	Dec
Salaries	Wrong NI	L	PAYE records	Review	RFO	1	Dec
Salaries	Wrong PAYE	L	PAYE records	Review	RFO	1	Qtrly
Staff	Fraud by Clerk	L	Reviews shown elsewhere	Review	Cllrs	5	Qtrly
VAT	On Purchases	L	Accounts content	Audit	RFO	6	Monthly
VAT	Exemptions?	L	Accounts content	Audit	RFO	3	Monthly

Version Control

Date	Version	Author	Description
April 2008	1.0	Neil Lindsay	Initial Document
July 2009	1.1	Jenny Farthing	Updated to match current situation. Full risk register incorporated.
April 2010	1.2	Jenny Farthing	Updated to match current situation.
April 2012	1.3	Jenny Farthing	Risks updated
April 2013	1.4	Matthew Mills	Updated to match current situation Layout refreshed References updated Risks updated
October 2013	1.5	Matthew Mills	Clause 1.3 amended.