

Haverhill Town Council

Review of Internal Control – February 2017

The Town Council is required to review its risks regularly. This does not mean undertaking a detailed Health and Safety risk assessment for all of its functions and services, but reviewing whether the processes, procedures and checks are robust enough to ensure that the Town Council:-

- acts within its legal powers
- fulfils its legal duties
- ensures the proper use and safety of its resources

Legal Powers

Power to act - Much of the Town Council's current portfolio of services and support is long-established, and is undertaken under powers provided through existing legislation. In terms of additional services, or enhancements to existing services, the Council relies upon the Clerk to ensure that the powers exist in law to provide these services. The Clerk in turn relies upon the availability of advice, either directly from the acknowledged standard textbook (Local Council Administration by Charles Arnold-Baker), or from the National Association of Local Councils (via the Suffolk Association of Local Councils). Further advice is available from the Society of Local Council Clerks.

To ensure that the Town Council acts within its legal powers for all new services the Clerk confirms, and notes in the minutes, the legislation empowering the Council to provide the service, the Council subscribes to the National Association of Local Councils, the Council budgets for purchase of each new edition of Local Council Administration, and the Council continue to pay the Clerk's subscription to the Society of Local Council Clerks.

In 2012 the Council adopted the General Power of Competence, enabling it to do in law "...anything that individuals generally may do" [Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012], widening the legal power to carry out activities. This power of first resort is used as the legal power for all decisions the Council makes.

In May 2015 the Council resolved that it is still eligible to use this power.

The Clerk and Assistant Clerk both hold the Certificate in Local Council Administration (CiLCA), a nationally-recognised qualification.

The Town Council's trusteeship of the Haverhill Community Trust requires additional knowledge of the law relating the Charities. The Trustees rely upon the Clerk to the Trustee to ensure that they act in accordance with Charity and Company Law in providing services within the Arts Centre. The Clerk to the Trustee holds a Post-Graduate Diploma in Voluntary Sector Management and has 20 years' experience in running charities. In addition advice is available from organisations such as Community Action Suffolk and the Charity Commission.

Following advice sought from the Charity Commission, the objects clause of the Trust has been widened to give legal power for it to run the Leiston Centre and the process of vesting the Town hall with the Official Custodian is underway.

Knowledge and skills

The Town Council recognises the benefit of a well-trained and knowledgeable staff team and that the same applies to Councillors. Training via SALC and other suitable providers is accessed and Councillors who are also borough councillors have accessed training provided by that Council in addition to training through the Town Council. Whole-Council training is also arranged. An induction session for new Councillors was undertaken on 12th May 2015. A Planning workshop was held on 5th October 2015 with officers from the Borough to brief members on their role within the planning process. In September/October 2016, Councillors on the Personnel Committee received in-depth training on disciplinary procedures. Two Councillors in 2016 and two more Councillors in 2017 attended the SALC Leadership Course for Chairing skills. A skills audit will be carried out in 2017.

A new Councillor Handbook was provided to all Councillors in May 2015, which includes copies of key documents and a copy of the Good Councillor Guide. This has been updated with revised documentation.

The Town Council budgets for the purchase appropriate training for staff and Councillors and any reference works required.

Staff training is identified on the basis of the need of the organisation and scheduled to ensure skills are kept up-to-date.

Legal Duties

The Town Council has a duty in law to its staff and the general public. This includes employment law and Health and Safety, as well as general duties covering diversity and disability.

The Council carried out a programme of revision of policies to ensure they are in place and reflect best practice to form a new Employee Handbook. This was carried out in conjunction with a specialist HR company and a Unison representative.

The Town Clerk ensures that an annual overall risk assessment for the Council's staff and permanent/regular places of work is carried out, and the Operations Manager undertakes a risk assessment for all of the Council's "occasional" events and provide a comprehensive briefing to staff before the event commences. In Summer 2015 Aviva Insurance provided a risk improvement review for us which usefully identified issues which have been addressed during the autumn.

Proper Use and Safety of Resources

The Town Council's financial resources (including items on its balance sheet) are controlled by an independent internal audit of its financial procedures and an independent external audit of its published accounts. Segregation of duties within the organisation is incorporated as far as reasonably possible and has proved satisfactory for both internal and external audit. In addition to these independent checks the Council insures its assets, not only against the usual risks, but also against fraud by the Clerk and other officers. In December 2014 an insurance revaluation was carried out for the buildings belonging to the Council and Haverhill Community Trust. Insurances were reviewed and the Council, Trust and its trading subsidiary Hartseats form an insurance group, ensuring both comprehensive and optimal value insurance for all three entities.

Stock is subject to a twice-yearly stock take. The Asset Register is reviewed on an annual basis, the last occasion being 17th May 2016. Councillors carried out a physical inspection of assets in September 2016.

The independent internal auditor's report is circulated to every Member of the Council and noted at Full Council and the external auditor's report reported to Full Council.

Balances

The Town Council has addressed the need to maintain balances at an appropriate level and reviews its earmarked reserves annually. It set a target for General Reserves and achieved that by March 2016, as planned.

Investments

The Town Council has considered carefully the balance between security of investments and maximising returns on funds held. It has adopted a principle of prudence in doing so, maintaining access to sufficient funds required for day-to-day operation whilst using long-term investments suitable for funds held as long-term reserves.

Governance

The Accounts and Audit Regulations place an emphasis on governance arrangements, particularly the role of Council and Councillors in ensuring that matters, most notably financial, are as reported. The Financial Regulations are regularly reviewed to ensure they are both up to date with good practice and properly tailored and fit for purpose for Haverhill Town Council. They were last reviewed on 22nd March 2016.

Town Councillors receive regular financial reports of income/expenditure against budget, and have the opportunity to question any item at the Finance Committee.

The RFO holds an accounting qualification and oversees the work of the Finance Administrator. Petty cash is worked as an imprest system so that at any time the value of the receipts and cash held resolves to the total allocation.

No officers can be cheque signatories (except the RFO for administrative permissions on the account)

Year-end closedown of accounts is carried out by RBS Accounting, adding an additional audit layer and checking that the book-keeping has been carried out competently.

Internal Audit

In adopting good practice the Town Council should review the internal audit procedure, and that the review should consider, at a minimum, the following points:

1. Is the internal auditor (internal audit function) independent of the financial control/management of the council?
2. Is the internal auditor competent?
3. Is the level of internal audit proportionate to the needs, size and circumstance of the council?
4. Is the scope of the internal audit fit for purpose (in relation to the above question)?

For Haverhill Town Council the answers to these questions are:

1. The internal audit function was subject to a tender exercise in December 2014. The Internal Auditor is an independent person, appointed by the Town Council annually and employed by the partnership of Heelis and Lodge.
2. Heelis and Lodge supply internal audit to a number of Town and Parish Councils throughout Suffolk so can be said to have a good understanding of the role of the internal auditor and the Parish Council framework.
3. There will be a number of visits from the Internal Auditor during the financial year.

4. The Internal Auditor was appointed to work to the guidance in Appendix 8 of the Practitioners Guide, but with the expectation that areas requiring further, more detailed, investigation would be included, albeit at additional charge.

Both the Internal Auditor's Report and the External Auditor's Report are reported to Full Council and appropriate action agreed to address any issues contained within those reports.

Councillors are asked to review these arrangements and consider any necessary changes.

Colin Poole, Town Clerk
February 2017