

ALDCLIFFE – WITH – STODDAY

PARISH COUNCIL

7.00pm, 24th April 2018

**The Friends Meeting House,
Meeting House Lane, Lancaster**

AGENDA

- 1. Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes of the Previous Meeting**
- 4. Payment of Accounts** (Parish Clerk to report)
- 5. Annual Governance and Accountability Return** (report of the Parish Clerk, attached)
- 6. Financial Regulations** (report of the Parish Clerk, attached)
- 7. Risk Assessment** (report of the Parish Clerk, attached)
- 8. General Data Protection Regulations** (update)
- 9. Planning Conditions – Arna Wood Solar Farm**
- 10. Public Right of Way** (update)
- 11. Access between Lune Estuary Path and Stodday** (update)
- 12. Highways Issues within Parish** (update)
- 13. Any other business**
- 14. Date and venue for next meeting** (scheduled for Tuesday 26th June 2018)

Following the completion of the scheduled business, a closed meeting has been arranged with the Parish's City and County Councillors and the City Council's Cabinet Member with responsibility for Rural Areas

Aldcliffe With Stodday Parish Council

Meeting Date: 24th April 2018

Agenda Item:

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Report of: The Parish Clerk

Annual Governance and Accountability Return

1. Introduction

Smaller local councils are statutorily required to complete an annual review of their governance arrangements and submit and publish an annual statement. For the 2017/18 financial year, ended on 31st March 2018, the required return has changed slightly and is now known as the Annual Governance and Accountability Return (AGAR).

The appointed external auditor for the Council is PKF Littlejohn.

2. Detail

For Councillors' information, a copy of the AGAR documentation to be completed is appended to this report.

The requirements of the return vary according to the size of the council and to a certain extent its historic governance and audit record. Please note that, although the Council has gross income and expenditure of less than £25,000, it is not currently eligible to claim exemption from external audit due to it having been established later than 1st April 2014.

The proposed timetable for the Council to meet the reporting requirements and statutory deadlines is as follows.

| | | |
|----|--|----------------------------|
| a) | Completion of the annual review, internal audit and approval of the accounts | 26/06/18 (Council Meeting) |
| b) | Submission of the AGAR for external audit | 27/06/18 |
| c) | Public rights of inspection period | 02/07/18 to 10/08/18 |
| a) | Publication of the AGAR including the external audit opinion | by 30/09/18 |

In connection with the governance statements set out in "Section 1 – Annual Governance Statement" of the AGAR, items are included on this meeting's agenda dealing with Financial Regulations and risk management.

Subject to the Council's approval, the Clerk has made arrangements for the necessary internal audit to be carried out by a suitably qualified person.

3. Recommendations

- (1) That the proposed timetable for the Annual Governance and Accountability Return is approved.**
- (2) That the Chairman and Clerk are authorised to undertake the governance review and produce the draft AGAR for consideration/approval by Council on 26th June 2018.**
- (3) That the Council appoints Robert Bailey as internal auditor for the 2017/18 financial year.**

Local Councils, Internal Drainage Boards and other Smaller Authorities in England

Annual Governance and Accountability Return 2017/18 Part 3

To be completed by:

- all smaller authorities* where either the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; and
- any other smaller authorities that either:
 - are unable to certify themselves as exempt; or
 - have requested a limited assurance review.

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **annual internal audit report** is completed by the authority's internal auditor.
 - **Sections 1 and 2** are to be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved **before 2 July 2018**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or requesting a limited assurance review, **must** send to the external auditor:
 - the Annual Governance and Accountability Return Sections 1, 2 and 3, together with
 - a bank reconciliation as at 31 March 2018
 - an explanation of any significant year on year variances in the accounting statements
 - your notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2017/18

Unless requested, do not send any original records to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability Return including **Section 3 – External Auditor Report and Certificate** will be returned to the authority.

Publication Requirements

Smaller authorities with either income or expenditure exceeding £25,000 **must** publish on a public website, under the Accounts and Audit Regulations 2015, the Annual Governance and Accountability Return:

- **Section 1 – Annual Governance Statement 2017/18**, page 4
- **Section 2 – Accounting Statements 2017/18**, page 5
- **Section 3 – The External Auditor Report and Certificate 2017/18**, page 6
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014.*

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed Annual Governance and Accountability Return. Any amendments must be approved by the authority, properly initialled and accompanied by an explanation. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before sending it to the external auditor.
- Do not send the external auditor any information not specifically requested. However, you **must** inform your external auditor about any change of Clerk, Responsible Finance Officer or Chairman, and provide relevant email addresses and telephone numbers.
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the explanation.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs will be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2017) equals the balance brought forward in the current year (Box 1 of 2018).
- Please enter the authority's name **only** in Section 3 on Page 6. **Do not complete the remainder of that section**, which is reserved for the external auditor.
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor.

| Completion checklist – 'No' answers mean you may not have met requirements | | Yes | No |
|--|--|-----|----|
| All sections | Have all highlighted boxes have been completed? | | |
| | Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor? | | |
| Internal Audit Report | Have all highlighted boxes have been completed by the internal auditor and explanations provided? | | |
| Section 1 | For any statement to which the response is 'no', is an explanation provided? | | |
| Section 2 | Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting? | | |
| | Has an explanation of significant variations from last year to this year been provided? | | |
| | The bank reconciliation as at 31 March 2018 is agreed to Box 8? | | |
| | Has an explanation of any difference between Box 7 and Box 8 been provided? | | |
| Sections 1 and 2 | Trust funds – have all disclosures been made if the authority is a sole managing trustee? NB: do not send trust accounting statements unless requested or instructed. | | |

*More guidance on completing this annual return is available in ***Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices***, which can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

Annual Internal Audit Report 2017/18

ENTER NAME OF AUTHORITY

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

| Internal control objective | Agreed? Please choose one of the following | | |
|---|--|-----|---------------|
| | Yes | No* | Not covered** |
| A. Appropriate accounting records have been properly kept throughout the financial year. | | | |
| B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | | | |
| C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | | | |
| D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. | | | |
| E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. | | | |
| F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for. | | | |
| G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied. | | | |
| H. Asset and investments registers were complete and accurate and properly maintained. | | | |
| I. Periodic and year-end bank account reconciliations were properly carried out. | | | |
| J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | | | |

| K. (For local councils only) | Yes | No | Not applicable |
|---|-----|----|----------------|
| Trust funds (including charitable) – The council met its responsibilities as a trustee. | | | |

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

DD/MM/YY

Name of person who carried out the internal audit

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

DD/MM/YY

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2018, that:

| | Agreed | | 'Yes' means that this authority: |
|---|--------|-----|--|
| | Yes | No* | |
| 1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements. | | | <i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i> |
| 2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | | | <i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i> |
| 3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances. | | | <i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i> |
| 4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. | | | <i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i> |
| 5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | | | <i>considered and documented the financial and other risks it faces and dealt with them properly.</i> |
| 6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. | | | <i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i> |
| 7. We took appropriate action on all matters raised in reports from internal and external audit. | | | <i>responded to matters brought to its attention by internal and external audit.</i> |
| 8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements. | | | <i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i> |
| 9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit. | Yes | No | N/A |
| | | | |

*Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

MINUTE REFERENCE

DD/MM/YY

dated

Signed by the Chairman and Clerk of the meeting where approval is given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

Other information required by the Transparency Codes (not part of Annual Governance Statement)
Authority web address

AUTHORITY WEBSITE ADDRESS

Section 2 – Accounting Statements 2017/18 for

ENTER NAME OF AUTHORITY

| | Year ending | | Notes and guidance |
|---|--------------------|--------------------|--|
| | 31 March 2017 £ | 31 March 2018 £ | |
| | | | <i>Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.</i> |
| 1. Balances brought forward | | | <i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i> |
| 2. (+) Precept or Rates and Levies | | | <i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i> |
| 3. (+) Total other receipts | | | <i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i> |
| 4. (-) Staff costs | | | <i>Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.</i> |
| 5. (-) Loan interest/capital repayments | | | <i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i> |
| 6. (-) All other payments | | | <i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i> |
| 7. (=) Balances carried forward | | | <i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i> |
| 8. Total value of cash and short term investments | | | <i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i> |
| 9. Total fixed assets plus long term investments and assets | | | <i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i> |
| 10. Total borrowings | | | <i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i> |
| 11. (For Local Councils Only) Disclosure note re Trust funds (including charitable) | Yes | No | <i>The Council acts as sole trustee for and is responsible for managing Trust funds or assets.</i> |
| | | | <i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i> |

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

SIGNATURE REQUIRED

Date

DD/MM/YY

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where approval of the Accounting Statements is given

SIGNATURE REQUIRED

Section 3 – External Auditor Report and Certificate 2017/18

In respect of

ENTER NAME OF AUTHORITY

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2018; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2017/18

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2017/18

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2018.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Aldcliffe With Stodday Parish Council

Meeting Date: 24th April 2018

Agenda Item:

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Report of: The Parish Clerk

Financial Regulations

1. Introduction

The adoption of Financial Regulations by a local council is a cornerstone to meeting statutory and public expectations regarding the safeguarding of public money and financial accountability.

In support of smaller local councils, model financial regulations are produced and published by the National Association of Local Councils (NALC).

2. Detail

Appended to this report is a draft set of financial regulations based on the NALC model and tailored where relevant to Aldcliffe With Stodday Parish Council's arrangements with a number of recommendations, which are highlighted in yellow, and summarised below:

| Para | Issue | Explanation |
|------------|--|--|
| 2.1 | Clerk to submit budget proposals for the following financial year not later than the end of December each year. | Enables due consideration of budget and submission of precept order to City Council |
| 2.3 | The Council to review the budget and fix the Precept for the next financial year not later than the end of January each year. | As above |
| 3.4 | The Clerk may incur expenditure on matters of extreme urgency, subject to a limit of £500. | Authorises but limits the Clerk's ability to make urgent payments |
| 11.1(a)(v) | Exception to contract rules for additional work by the External Auditor up to an estimated value of £250. | Authorises, but limits the extent of, additional external audit work that can be incurred. |
| 11.1(b) | Official tenders required for contracts exceeding £5,000 in value for the supply of goods or materials or for the execution of works or specialist services. | Ties in with adopted Standing Orders (para 18(c-d)) |
| 11.1(g) | 3 quotations required for supplies with a value greater than £1,000. 3 estimates to be sought where the value is below £1,000 and above £100 | Reinforces need to demonstrate openness and value for money in purchasing |
| 13.2 | No property with a value exceeding £50 shall be sold, leased or otherwise disposed of without the authority of the Council | Authorises, but limits the disposal of property |

3. Recommendations

- (1) That the draft Financial Regulations are approved and adopted, subject to any changes felt necessary.**
- (2) That the Financial Regulations are reviewed annually by the RFO and updated as necessary by Council.**

ALDCLIFFE WITH STODDAY PARISH COUNCIL
FINANCIAL REGULATIONS (Draft)

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of financial control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the council.
- 1.4 At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the 2015 Regulations.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 The Clerk shall formulate and submit proposals to the Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of **December** each year.
- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the council.
- 2.3 The Council shall review the budget not later than the end of **January** each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three-year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the council.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations and any subsequent amendments thereto.
- 4.2 The RFO shall complete the annual financial statements of the Council, including the council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations or set by the Auditor.

- 4.4 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations and any subsequent amendments thereto. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations, and any subsequent amendments thereto.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil and the invoice if applicable.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7 PAYMENT OF SALARIES

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

8 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.

8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9 INCOME

9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.

9.3 The Council will review all fees and charges annually, following a report of the Clerk.

9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

9.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.

9.6 The origin of each receipt shall be entered on the paying-in slip.

9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.

9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10 ORDERS FOR WORK, GOODS AND SERVICES

10.1 An official order, letter or email shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.

10.2 Order books shall be controlled by the RFO.

10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1 below.

10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

11 CONTRACTS

11.1 Procedures as to contracts are laid down as follows:

- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
 - (i) for the supply of gas, electricity, water, sewerage and telephone services;
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - (v) for additional audit work of the external Auditor up to an estimated value of **£250** (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council);
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding **£5,000** in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk shall invite tenders from at least three firms in accordance with Standing Orders (para 18(d)).
- (c) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- (d) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (e) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
- (f) If less than three tenders are received for contracts above £5,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

(g) When it is to enter into a contract less than £5,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£1,000** and above **£100** the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

(h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate and will, in normal circumstances accept the most advantageous tender based on quality and price.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.

12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13 ASSETS, PROPERTIES AND ESTATES

13.1 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

13.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property **does not exceed £50**.

14 INSURANCE

14.1 Following the annual risk assessment (per Financial Regulation 15), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.

14.2 The RFO shall give prompt notification to insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

14.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

14.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.

14.5 The RFO and any other appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

15 RISK MANAGEMENT

15.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

15.2 When considering any new activity the RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

15.3 The Council shall carry out a Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations and any subsequent amendments thereto. The minutes shall record such review of the Council’s financial and other risks.

16 REVISION OF FINANCIAL REGULATIONS

16.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these financial regulations.

* * * *

Clerk Date

Chairman Date

Aldcliffe With Stodday Parish Council

Meeting Date: 24th April 2018

Agenda Item:

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Report of: The Parish Clerk

Risk Assessment and Risk Log

1. Introduction

Under statutory governance requirements, local councils are required to operate an internal control system that includes the effective management of risk.

2. Detail

A draft risk assessment and risk log has been produced for consideration by the Council and is appended to this report.

The majority of the risks included in this draft document are generic to smaller local councils and Members will see that the risk levels are generally assessed as being 'low'. Those risks where a 'Medium' risk level has been suggested relate either to ongoing local issues being handled by the Council or where there is currently a perceived gap in governance arrangements.

3. Recommendations

- (1) That the draft Risk Assessment and Log is approved and adopted, subject to any changes/additions felt necessary.**
- (2) That the Risk Assessment and Log is formally reviewed and updated annually by Council.**

Aldcliffe with Stodday Parish Council

Risk Assessment and Log

Review Date: 24th April 2018

| Risk No. | Description of Risk | Controls in Place / Mitigation | Low / Medium / High Risk | Actions Taken / Planned | Responsibility |
|----------------------------------|---|---|--------------------------|---|-----------------|
| Strategic and Operational | | | | | |
| R1. | Failure to represent community interest effectively in relation to matters likely to impact the parish | Arrangements for consulting parishioners are currently informal and ad-hoc. Parish council is consulted by principal authorities and agencies. Membership of NALC / LALC provides a source of advice. | Medium | Consider relevance of other available methods of consultation with the parish community, e.g: newsletter; annual report; website; social media; surveys. Consider developing a 'Parish Plan'. Consider adopting a 'Press and Media Policy'. | Council / Clerk |
| R2. | Minutes are inaccurate and/or decisions may be illegal or ultra-vires. | Meetings are conducted in accordance with standing operational procedures adopted in September 2017. Minutes are approved by the parish council at every meeting. | Low | Adopt formal Financial Regulations Parish Clerk to undertake CiLCA qualification within next 2 years. Council will support the Clerk's professional development and Councillors attendance at training where appropriate. | Council / Clerk |
| R3. | Compensation claim resulting from (alleged) negligent act or accidental error or omission by the council or its employee(s) | Low risk given current limited activities of parish council. Ensure parish council decisions are based on full information including professional advice where necessary | Low | Consider need for insurance cover. Monitor position as parish council develops and implements plans for the parish. | Council / Clerk |

| Risk No. | Description of Risk | Controls in Place / Mitigation | Low / Medium / High Risk | Actions Taken / Planned | Responsibility |
|------------------|---|---|--------------------------|---|-----------------|
| R4. | Action against the council for libel or slander | Meetings are conducted in accordance with standing operational procedures adopted in September 2017. Members' Code of Conduct adopted in June 2017 | Low | Consider adopting a Press and Media policy and a Publication Scheme. | Council / Clerk |
| R5. | Failure to realise community benefits of a Public Right of Way (PRoW) on Aldcliffe Hall Drive | Completed PRoW application submitted to and accepted for consideration by Lancashire CC. | Medium | Monitor progress with the application. | Council / Clerk |
| R6. | Future benefits or liabilities arising from the adoption of a section of land adjacent to the estuary cycle path. | Existence of third party's financial commitment to maintenance has been established. Potential for risk and future liabilities has been acknowledged. Advice on procedure has been sought from the Land Registry. | Medium | Legal advice being sought via LALC Further clarification of third party's position and interest being sought. | Council / Clerk |
| Financial | | | | | |
| R7. | The parish council undertakes / makes a payment that is illegal / outside its powers | | Low | Adopt formal Financial Regulations Ensure councillors are aware and kept up-to-date on the legal powers of parish councils | Council / Clerk |

| Risk No. | Description of Risk | Controls in Place / Mitigation | Low / Medium / High Risk | Actions Taken / Planned | Responsibility |
|----------|---|--|--------------------------|--|-----------------|
| R8. | Financial records inadequately / incorrectly maintained | <p>Clerk is a qualified accountant/audit professional.</p> <p>All payments are supported by an invoice / receipt or valid claim.</p> <p>Financial accounts are checked annually by internal and external auditors</p> <p>Details of receipts and payments are reported to each meeting of the council.</p> | Low | | Council / Clerk |
| R9. | Financial loss due to ineffective procedures or banking error | <p>Bank statements are scrutinised by Clerk upon receipt.</p> <p>Banking arrangements are periodically reviewed and accounts are annually checked by internal and external auditors and at least quarterly by council</p> | Low | <p>Adopt formal Financial Regulations</p> <p>Annually review banking arrangements to secure best possible terms and conditions</p> | Clerk |
| R10. | Loss of monies due to fraudulent act (internal or external) | <p>All cheques are countersigned by two councillors and checked against invoices.</p> <p>All expenditure is approved by the council and accounts subject to scrutiny by council and internal and external auditors and the public (annually)</p> | Low | <p>Consider the need for insurance cover</p> <p>Introduce an annual assessment of internal control arrangements</p> | Council / Clerk |
| R11. | Order for precept not submitted or paid by local authority. Precept is inadequate to meet plans | <p>Precept for the following year considered in January.</p> <p>Amount of precept required will be based on plans for the coming year and the forecasted difference between income and expenditure.</p> | Medium | <p>Undertake a budget planning process during the autumn prior to determining the required level of precept for the following year.</p> <p>Submission of precept order and receipt of monies to be checked by the Clerk.</p> | Council / Clerk |

| Risk No. | Description of Risk | Controls in Place / Mitigation | Low / Medium / High Risk | Actions Taken / Planned | Responsibility |
|---------------|---|---|--------------------------|--|---|
| R12. | VAT incorrect / not reimbursed / not properly accounted for | VAT analysed in accounts maintained by Clerk and scrutinised by council. VAT returns agreed and submitted annually. Checked by internal and external auditors. | Low | | Council / Clerk |
| R13. | Income tax / NI not properly accounted for and paid to HMRC | | Medium | HMRC PAYE account to be established. Payroll arrangements and system to be established | Clerk |
| R14. | Unidentified / inadequate general and/or earmarked reserves | Situation has not yet arisen during the first year of the council. | Low | Amount of reserves required for the following year will be considered as part of the budget process on the basis of available funds and costed plans for the coming year. Consider the need for a Reserves Policy | Council / Clerk |
| People | | | | | |
| R15. | Councillor or employee performance may be inefficient or ineffective | | Medium | Parish Clerk to undertake CiLCA qualification within next 2 years. Council will support the Clerk and Councillors' development through attendance at training where appropriate. Consider introducing an annual performance review for the Clerk | Council / Clerk Council / Clerk Chair & two Members |
| R16. | Loss of employee support (Clerk) through illness / early resignation etc. | Clerk in good health and committed to work as demonstrated by plans to undergo training. | Low | Monitor risk and manage as necessary | Council |

| Risk No. | Description of Risk | Controls in Place / Mitigation | Low / Medium / High Risk | Actions Taken / Planned | Responsibility |
|-------------------|--|---|--------------------------|--|-----------------|
| Regulatory | | | | | |
| R17. | Failure to comply with Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014 | Requirements of the acts specifically in relation to the annual return and audit arrangements brought to Members attention in April 2018. | Medium | Approve an Action Plan to ensure compliance with year-end requirements of Accounts and Audit Regulations 2015 and Local Audit and Accountability Act 2014 during 2018/19 | Council / Clerk |
| R18. | Compliance with Transparency Code for Smaller Authorities (the Code) | Information published on the council's section of the Lancaster City Council website | Low | Review compliance with the Code and the effectiveness of current publication arrangements. | Council / Clerk |
| R19. | Compliance with General Data Protection Regulations (GDPR) | Implications of GDPR brought to Members attention in April 2018. | Medium | GDPR comes into effect on 25 th May 2018 Take steps to appoint a Data Protection Officer. Assess data holding and processing arrangements and establish controls to ensure compliance and mitigate the risk of any GDPR breaches. | Council / Clerk |
| R20. | Compliance with Freedom of Information Act 2000 | Requirements and implications of the Freedom of Information Act 2000 brought to Members attention in April 2018. | Low | Consider producing a publication scheme setting out the classes of information that the Parish Council publishes, or intends to publish, including how that information may be obtained and any charges that may be made. | Council / Clerk |