INTERNAL AUDIT REPORT

Framwellgate Parish Council
Corporate Governance Arrangements

Assurance level:	**Substantial Assurance**
Report status:	**Final Report**
Date:	**13th February 2018**
Prepared by:	**Gordon Fletcher**
Issued to:	**David Temple, Parish Clerk**
Copied to:	

CONFIDENTIAL

INTRODUCTION

1. A request was made by the Parish Clerk to carry out a review of the Council's Corporate Governance arrangements. The review involved a visit to the Pavilion on the 8th February 2018.

2. In carrying out the audit, the time and assistance afforded by the Parish Clerk was appreciated.

OBJECTIVE

3. The overall objective of my review is to provide a risk based assessment of the systems in place in order to form an opinion as to whether they are robust and provide an adequate basis for effective control.

4. **The detailed objectives for this audit are to ensure that;**
   - the Council has in place adequate policies and procedures in place which are regularly reviewed.
   - the Council engages with its residents
   - the Council has a strong system of internal controls.
   - the Council has in place a system for promoting and demonstrating ethical behaviour and managing the risk of fraud.

5. **The Key risks for this audit are that:**
   - Council's objectives not achieved.
   - Council decisions are not transparent
   - Damage to the Councils reputation
   - Financial loss
   - Fraud

SCOPE OF THE AUDIT

6. The scope of the audit involved examining the systems in place to ensure that Corporate Governance arrangements are satisfactory.

7. The report is intended to present to management the observations and conclusions of the audit. Wherever possible the observations and recommendations have been discussed with members of staff and their views taken into account.

SUMMARY OF WORK CARRIED OUT

8. **The Council has in place adequate policies and procedures in place which are regularly reviewed.**

8.1. All tiers of local government are democratically accountable and rules have been developed to demonstrate and guarantee that accountability, and to ensure that councils operate on a regulated and consistent basis.

8.2. All areas regarding Corporate Governance is discussed at the Finance and Governance Sub Committee (from September 2017) and approved by the Parish Full Council..

8.3. Framwellgate Parish Council conducts their business in an open way with properly organised meetings and agendas, and proper records of decisions, with the minutes agreed by the Parish Council.

8.4.. Framwellgate Parish Council's financial arrangements for the regulation of the Council's financial affairs are provided in a Finance Policy document and in Financial Regulations and Standing Orders. The Financial Regulations and Standing Orders were dated 7th January 2015 and I understand that they are still fit for purpose, however the recent establishment of Sub Committees have not been included.

The Council does not have a Medium Term Plan but Business cases are put forward for new projects which can be in the short, Medium and Long term are considered during the budget setting process.

8.5. The Parish Council has in place policies and procedures (including Financial Regulations and Standing Orders) that enable the Members and Officers of Framwellgate Parish Council to be accountable and transparent to the residents. The Parish Clerk has reviewed several policies during the year and a general overview is currently being carried out on what other policies are needed. The Parish Clerk is aware of a checklist of all policies and procedures the Council must have by law and others considered beneficial to the Council.
All policies and procedures are included in a file for all employees and Members which are updated when amended or added to.

8.6. The Council assess its Corporate risks and identify these in a register which gives details of ownership and how the Council intends to manage them.

9. The Council engages with its residents

9.1. Framwellgate Parish Council engages with its residents by Newsletter (twice a year,) Notice Boards and Website. However, the last newsletter was on the website in 2014.

10. The Council has a strong system of internal controls.

10.1. The Council has responsibility for conducting a review of the effectiveness of its governance framework which is shown in section 1 of the Annual Return.

10.2 The review is guided by the work of the Parish Clerk who has responsibility for reviewing the effectiveness of the governance environment. The Council is also equally guided by the work of their independent Internal Auditor and comments made by the external auditors and any other review agency or inspectorate in their annual audit letters and other reports.

10.3 A stated in the Council's Financial Regulations a separate report on the effectiveness of internal control is to be submitted every year to the Council for approval. This has been completed.

10.4. In line with legislation, the Parish Council submits an Annual Return with relevant supporting documentation to the External Auditors.

11. **The Council has in place a system for promoting and demonstrating ethical behaviour and managing the risk of fraud.**

11.1. Framwellgate Parish Council has procedures in place to promote ethical behaviour with all Members signing the code of conduct when they are appointed.

11.2. At the start of each Council Meeting Members must have declared any interests, personal or prejudicial interests in accordance with the Code of Conduct, in writing prior to the meeting and be recorded in the minutes.

11.3. Framwellgate Parish Council does not have in place policies in place for Anti-Fraud and Corruption and a Confidential Reporting Code, Data Protection and Gifts and Hospitality.

12. OBSERVATIONS, RISKS AND RECOMMENDATIONS

12.1. My observations together with the associated risks are detailed in an action plan (if required) accompanying this report. For each area where an observation is made, a recommendation and priority for action is attached.

12.2. I have categorised the importance of my recommendations as follows:

- Critical – A control weakness that may have a significant impact upon the achievement of, not only the system objectives, but also the organisation’s objectives
- High – A control weakness that may have a significant impact upon the achievement of the system objectives
- Medium – A control weakness that may have an impact upon the achievement of the system objectives
- Low – A control weakness that does not impact upon the achievement of the system objectives, however, the implementation of which would improve overall control

13. Although Governance arrangements are satisfactory they can be improved, and my review has highlighted 4 issues for inclusion within this report, and is shown in the actin plan.

AUDIT ASSURANCE LEVEL

14. Based upon the number and potential impact of the observations made, I can provide **Substantial Assurance**. This level of assurance is one of five possible levels which are shown in the table below.

Level of Assurance	Definition
Full Assurance	There is a sound system of controls in place & those controls are consistently applied & are fully effective. Control objectives are fully met.
Substantial Assurance	There is a sound system of control in place but some of the controls are not consistently applied or fully effective. Control objectives are largely achieved.
Moderate Assurance	There is basically a sound system of control in place, but there are weaknesses and evidence of non-compliance with or ineffective controls. Control objectives are often achieved.
Limited Assurance	The system of control is weak & there is evidence of non-compliance with controls that do exist. Control objectives are sometimes achieved.
No Assurance	There is no system of control in place and control objectives are rarely or never achieved.

G Fletcher

Gordon Fletcher,
Internal Auditor to the Council,
Date: 13th February 2018