



Policy and Finance Committee

Date: 20 July 2020

Title: Annual Governance Review

Purpose of the Report: To provide assurance to Committee in recommending approval of the Annual Governance Statement to Council.

Contact Officer: Sarah Sandiford, Deputy Town Clerk

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| Corporate Objective/s | | To consolidate processes and procedures, ensuring operational efficiency. |
| Implications: | | |
| Financial | None | |
| Human Resources | None | |
| Operational/Service delivery | Yes | Procedures remain fit for purpose in terms of risk management and internal control. |
| Legal | Yes | To ensure the Town Council has proper practices in place in accordance with legislation and guidance. |

1. RECOMMENDATION

- 1.1 To note the report.**
- 1.2 To endorse minor amendments to the Council’s Risk Management and Internal Control Statement (as set out in paragraph 4 and Appendix A).**
- 1.3 To recommend to Council that minor amendments to Standing Orders as last adopted on 29 April 2019 be approved (as set out in paragraph 5).**
- 1.4 To recommend to Council that proposed amendments to Financial Regulations be approved (as set out in paragraph 6 and Appendix B).**
- 1.5 To recommend to Council that the Annual Governance Statement for 2019-2020 (Section 1 of the Annual Governance and Accountability Return) may be approved and signed.**

2. BACKGROUND

- 2.1 Parish Councils are required to complete and sign an annual statement of governance prior to approving the annual statement of accounts, in accordance with The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015.
- 2.2 The statement gives assurance that the Council has an adequate system of internal control in place, as well as effective measures for financial management during the year.
- 2.3 In accordance with the regulations above and as set out in the Town Council's Financial Regulations (available on the website), the Council has established a Statement of Risk Management and Internal Control (adopted by Council in April 2018) (**attached at Appendix A**).
- 2.4 The Statement sets out the various procedures and measures in place to determine and mitigate different risks, as well as clearly defining the roles and responsibilities of Council, Committees, Councillors and Officers in the ongoing financial management of the Council.

3.0 UPDATE

- 3.1 No changes in best practice or in relevant permanent legislation have arisen since the last review of the Town Council's Standing Orders, Financial Regulations and Statement of Risk Management and Internal Control.
- 3.2 No issues have arisen as a result of the internal auditor's interim or final reports for the year ending 31 March 2020.
- 3.3 The five year contract with the internal auditor does not currently require review.
- 3.4 A report presented to Committee in January 2020 in respect of the Risk Register for the municipal and financial year 2019-20 identified no significant risks which had not been addressed.
- 3.5 The Risk Register for 2020-21 was approved by Council in January 2020 and a mid-year update on the Risk Register Action Plan is due to come to Committee at its September meeting.
- 3.6 Any changes in legislation or best practice arising from the COVID-19 Coronavirus pandemic are currently temporary and require no permanent changes to these documents. Temporary amendments to Standing Orders in respect of remote meetings were agreed by Council in June 2020.

4. STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- 4.1 The Statement as adopted by Council on 16 April 2018 and last reviewed by Council in April 2019 (see **Appendix A**) has been reviewed and is believed to remain accurate and fit for purpose.
- 4.2 It is proposed that the following minor amendments be made:
- 4.3 Roles of Officers flow diagram and Financial Expenditure Process flow diagram be amended to reflect that budget holders may only approve expenditure of under £2,500 (Town Clerk remains under £5,000).

It is proposed that Financial Regulation 4.1 also be amended to reflect this distinction.

5. STANDING ORDERS

- 5.1 Town Council Standing Orders were comprehensively reviewed after the last NALC Model was published in April 2018 and were last reviewed by Council on 29 April 2019.
- 5.2 NALC has issued only two minor amendments since the last Model and it is recommended that these be approved:

17 d ii – currently:

As soon as practicable after the financial year end at 31 March, the RFO shall provide to the Council the accounting statements for the year in the form of Section 1 of the annual governance and accountability return, as required by proper practices, for consideration and approval.

Recommended to Replace “Section 1” with “[Section 2](#)”

18 e – currently:

A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £25,000 but less than the relevant thresholds in standing order 18(h) is subject to Regulations 109-114 of the Public Contracts Regulations 2015 which include a requirement on the council to advertise the contract opportunity on the Contracts Finder website regardless of what other means it uses to advertise the opportunity.

Recommended to add at the end: “[unless it proposes to use an existing list of preferred suppliers \(“framework agreement”\)](#)”.

6. FINANCIAL REGULATIONS

- 6.1 NALC issued an update to the Model Financial Regulations in August 2019 and these have been reviewed and compared with the Town Council Financial Regulations (last amended April 2018 and last reviewed April 2019).

- 6.2 Few anomalies were identified when comparing the two documents. These were primarily where LLTC procedures differ from those of the thousands of very small parish councils for which the Model is primarily designed.
- 6.3 Proposed amendments are outlined below and shown in blue on the attached revised draft document (**Appendix B**). Most amendments are minor and self-explanatory but the Committee's attention is drawn to the following:
- 6.4 Addition of new section 4.1. This wording is in accordance with the Model and underpins the arrangements already set out in the Town Council's statement of Risk Management and Internal Control.
- 6.5 Proposed removal of sections 2.2 and 6.4 (rationale shown in red).
- 6.6 Proposed rewording of 5.2 to more clearly reflect the arrangements already in place at the Town Council.

7. CONCLUSIONS

- 7.1 The Town Council continues to have strong and effective systems in place for internal control, risk management and financial management.
- 7.2 The Committee is asked to consider the recommendations as set out in paragraph 1.

End.