



# Kessingland Parish Council

## INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2023

### 1. SCOPE OF RESPONSIBILITY

Kessingland Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the council's functions and which includes arrangements for the management of risk.

### 2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### 3. THE INTERNAL CONTROL ENVIRONMENT

#### **The Council:**

The council reviews its obligations and objectives and usually approves budgets for the following year at its November/December meeting. The January meeting of the council usually approves the level of precept for the following financial year.

The council has appointed a Finance & Governance Committee which has delegated powers to deal with financial and governance matters which are legally allowed to be delegated to it and are outlined in the Standing Orders, Financial Regulations and Terms of Reference of the committee however the main financial controls are overseen by the Parish Council meeting. Councillors monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters which are minuted and circulated to all members of the council. A councillor responsible for bank reconciliation checks has been appointed.

The parish council meets at least 10 times each year and monitors progress against its aims and objectives at each meeting by receiving minutes from the Finance & Governance Committee (which meets 12 times a year) as well as reports from the Parish Clerk/Responsible Financial Officer.

The council carries out reviews of its internal controls, systems and procedures. **See attached Appendix 1.**

**Clerk to the Council/Responsible Finance Officer:**

The council has appointed a Clerk to the Council who acts as the council's advisor, administrator and Responsible Financial Officer (RFO). The Clerk is responsible for advising on the day-to-day compliance with laws and regulations that the council is subject to and for managing risks. The Clerk also provides advice to help the council ensure that its procedures, control systems and policies are adhered to. As RFO, the Clerk is responsible for administering the council's finances and takes particular responsibility in relation to advising on financial matters, including compliance.

**Payments:**

All payments are reported to the council for approval. Any delegations are only as authorised by s.101 of the Local Government Act 1972 and the council's financial regulations and as authorised by full council and any payments made under delegation are reported to the council.

Two members of the council must sign every cheque or order for payment. The signatories should consider each payment against the relevant invoice, sign the invoice and initial the cheque counterfoil or relevant online banking paperwork. All authorised cheque signatories are members of the council. No officer of the council can sign cheques. All payments should align with the council's financial regulations unless authorised by full council.

**Income:**

All income is received and banked in the council's name in a timely manner and reported to the council.

**Risk Assessments/Risk Management:**

The council reviews its risk assessment annually, usually prior to the AGM in May, and regularly reviews its systems and controls.

**Internal Audit:**

The council appoints an independent and competent internal auditor who reports to the council once a year at year end, on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control

- Regulations
- Risk management

**External Audit:**

The council’s external auditors submit an annual certificate of audit which is presented to the council.

**4. REVIEW OF EFFECTIVENESS**

The council has responsibility for conducting an annual review of the effectiveness of the system of internal control and will also review the effectiveness of internal audit. The results of that review will be considered by the council, which will also approve the related Statement on Internal Control.

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Chair

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RFO/Clerk

Approved and adopted by Kessingland Parish Council

Meeting date: 4<sup>th</sup> May 2022

## **Kessingland Parish Council**

### **INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2022**

#### **Appendix 1**

The Accounts & Audit (England) Regulations 2015 aim to strengthen governance and accountability through requirements related to internal control and internal audit.

Regulation 3 states: "A relevant authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct each financial year a review of the effectiveness of the system of internal control.

#### **Proper Practice – setting the framework for our internal controls**

The publication *Governance and Accountability for Smaller Authorities in England*, March 2019 provides the Proper Practices with which Kessingland Parish Council is required to comply.

#### **Internal Audit – examining our internal controls**

The Parish Council appoints an internal auditor to examine its financial procedures and internal controls at the end of the financial year and annually reviews the effectiveness of the internal audit (independence, competence, proportionality and scope). The purpose of internal audit is to review and report to the Council on whether its systems of financial and other internal controls over its activities and operating procedures are effective. The annual internal audit report focuses on internal control objectives covering the key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet our needs.

#### **External Audit – examining our internal controls**

Kessingland Parish Council intends to be able to confirm in its governance statements in the Annual Governance and Accountability Return that it has maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. To achieve this, it needs to ensure the following internal controls are in place and effective:

Kessingland Parish Council Internal Controls Statement  
Adopted 2020. Review May 2021, 2022 and 2023. Next review due during 2023-24.

- 1) Suitable Standing Orders and Financial Regulations.
- 2) Safe and efficient arrangements to safeguard public money, including through the proper administration of our financial affairs, appointing one of our officers (the Responsible Financial Officer – RFO) to have formal responsibility for those affairs, appropriate authorisations of payments, bank account and bank mandate approvals, signatory and credit cards controls, risk assessment, and training for those with direct responsibility for money.
- 3) Compliant employment practice and suitably controlled payroll.
- 4) Robust VAT practices.
- 5) Properly maintained and efficiently managed fixed assets and equipment with appropriate procedures for any asset disposal and capital receipts.
- 6) Affordable and appropriate loans, if any, and long-term liabilities.
- 7) Reviewed and effective system of internal control.

As part of its internal control, the Parish Council has appointed a non-signatory Councillor to conduct a review of the system of internal control via the following tests on a quarterly basis, with a written report of any findings to be submitted to the Council and minuted as received.

<b>CONTROL TEST</b>	<b>PROCESS</b>	<b>DATE TEST DONE</b>	<b>INITIALS</b>
<b>Assets</b>			
Ensuring an up-to-date Register of Assets	The register is updated at the time of purchase for products of a cost more than £25.		
Regular maintenance arrangement for physical assets	The council now has a General Factotum whose job is to identify work which needs to be done and advise the Clerk or who is advised by the Clerk of work to be done which has been raised by councillors. Maintenance is now being attended to more regularly and a plan being put into place for an inspection regime and follow up work. In addition Waveney Norse do at least monthly checks on play equipment and an annual ROSPA inspection. Any issues are reported to the council's Leisure and Amenities Committee and should they require financial authorisation higher than that delegated to that committee then to the Finance & Governance Committee of Parish Council.		
<b>Risk Management</b>			
Annual review of risk and the adequacy of insurance cover	The council reviewed its insurance cover at the AGM and the insurance levels are reviewed by the Clerk and Chair of F&G at the renewal date. Any substantial items added are notified to our insurers to ensure that they are		

	added and in case there is any change to the premium.		
Annual review of financial risk	The Fidelity insurance is checked annually to ensure there is sufficient cover and wherever possible the balances are spread across accounts to ensure that FSA indemnities are in place. In 2022, the council had to reduce its Fidelity Insurance level under its policy to maintain the policy. This was given very careful consideration however council felt that the reduction was in the best interests of the council to main the final year of the three year insurance schedule and that the council's finance were spread sufficiently that it would be extremely hard to access all the council's accounts and withdraw all funds and would need at least three people working together to enable it to happen.		
<b>Standing Orders and Financial Regs</b>			
Awareness of Standing Orders and Financial Regulations	All councillors are aware of the Standing Orders and Financial Regs and are provided with copies. Both the Clerk and the Asst Clerk have done Clerk training via SALC and most councillors have attended SALC training as well.		
Adoption of Financial & Standing Orders	The Standing Orders and Financial Regs were adopted again at the AGM in May 2022. The Financial Regulations were amended in 2023 to raise the delegated approval levels for committees and were approved at the council's AGM on the 17 <sup>th</sup> May 2023. The council has additionally set up an Policies Working Group which will be reviewing all policies along with Standing Orders and Fin Regs prior to making recommendations to Parish Council.		
<b>Contracts</b>			
Regular reporting on performance by Contractors	The council has very few contractors. Spot checks are carried out on the work done and also on hours billed		
Annual review of contracts (where appropriate)	The services provided by Waveney Norse have been checked during the year. These services are due to cease on the 30 <sup>th</sup> June 2023 when the services are taken back inhouse by East Suffolk. Council will be considering options regarding these		

	services rather than novate the contract to the new provider. Dune provide IT services and quotes and costs are reviewed whenever new items are added.		
<b>Safeguarding payments &amp; receipts</b>			
Regular bank reconciliation, independently reviewed	Bank reconciliations have been more regular in the last year and are now set up to be carried out monthly and reported to F&G. Cllr James is the bank reconciliation officer. The council is transitioning to a new accounts package and processes are in place to ensure that reconciliations will be completed prior to each F&G meeting.		
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	The council has a briefing paper which is provided to staff and councillors explaining the payment process. All payments are made to invoice. Unless there is delegated authority all expenditure is approved prior to payment, on major expenditure quotes are sought and approved by the relevant committee up to Parish Council level if they are over £5,000. Payments are notified and approved by F&G and then authorised by two councillors who check against the invoices. The payments are then reconciled with Scribe against bank statements.		
Recording in the minutes/appendices the precise powers under which expenditure is being approved.	Council has had the General Power of Competence up until the 9 <sup>th</sup> of May 2023 so this has not been a requirement. Council has met the elected percentage of councillors part of the criteria for holding the General Power of Competence but that Clerk is still in the process of completing the CiLCA qualification. Once the qualification is complete the council will again be able to exercise General Power of Competence however in the meantime a record of the precise powers will be recorded as required.		
Payments supported by invoices, authorised and minuted	All payments are supported by invoices or expenses forms for mileage. These are verified by the clerk and the two bank signatories and payments also go to F&G for approval and are included in the minutes.		
Regular scrutiny of income records to ensure income is correctly received, recorded and banked.	Income is reported to F&G each month. F&G also receive a monthly RFO report which details income, expenditure via delegated authority,		

	direct debits & standing orders, by payment card and petty cash along with account balances and any payments which the committee needs to consider for approval. The report is included as part of the minutes.		
Scrutiny to ensure precept recorded in the cashbook agrees to Billing Authority Notification.	The precept was approved by Parish Council and receipt of precept payments are notified and minuted by F&G and Parish Council. The record of the receipt of the payment has the advice from the district council attached to it and it is then checked by officers and councillors.		
<b>Employment</b>			
Contracts of employment for staff.	All Staff have contracts of employment. Which are reviewed periodically currently the last two members of staff are having their contract reviewed in order to transition to the new council contract which recognises recent employment practices and staff are happy to accept.		
Contract annually reviewed	Appraisals are carried out each September and the contracts are discussed at the appraisal and both are reported back to the Personnel Committee along with any recommendations. Contracts are also monitored for any changes in the law.		
Updating records to record changes in relevant legislation.	As above.		
PAYE/NIC properly operated by the Council as an employer	Our payroll is managed by SALC and is spot checked twice a year.		
<b>VAT</b>			
VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook.	VAT is noted on Rialtis and identified. End of year has been completed and VAT return has been submitted.		
<b>Budget and Monitoring</b>			
Regular financial reporting to Parish Council.	Rialtis was re-structured to enable it to match to the council's budget and finances. The council is currently transitioning to a new financial system from Scribe and the system is being set up to align to the council requirements. This is currently very new so there are lessons to be learnt..		



Regular budget monitoring statements as reported to Parish Council	F&G minutes go to all councillors and are received at the Parish Council meeting along with any appendices. A full breakdown against the budget will be provided at a minimum of quarterly.		
<b>Transparency</b>			
Compliance with 2014 Regulations: Officer Decision Reports.	This has not been an issue as almost all decisions are made by the council. On a rare occasion that an officer decision is required then it is generally done in conjunction with the relevant chair and reported to the next relevant meeting.		
Compliance with Local Government Transparency Code 2015: Items of expenditure incurred over £500.	A specific page has been created on the website for this purpose and expenditure is recorded in all F&G minutes which are posted to the website.		
Minutes properly numbered and paginated with a master copy kept in for safekeeping.	Minutes are numbered for a council year and master copies are kept both electronically and in a paper version. Minutes are also posted on the council website (although without signatures).		
<b>Ethical conduct</b>			
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality.	The council has procedures for reporting gifts over £25 in value and councillors are reminded to update the register of interests. The last time they were reminded was following their election this year and at the AGM.		
Adoption of Codes of Conduct for Members.	The new LGA Code of Conduct was adopted by the council in 2022 and re-adopted at the AGM in 2023. Councillors all took their oath of office and signed their declaration of office following their election.		
Declaration of Acceptance of Office	All councillors have completed their declarations of office and these have been supplied to East Suffolk Council. A copy is kept on file by the council. The Chair and Vice Chair signed their Declaration of Office at the AGM on the 17th May 2023.		

Date of review of system of Internal Control:

Review of system of Internal Controls carried out by:

Name

Signature

Kessingland Parish Council Internal Controls Statement  
 Adopted 2020. Review May 2021, 2022 and 2023. Next review due during 2023-24.

Report submitted to Council Minute reference

Next review of system of Internal Controls will be completed during 2023-24 as part of the work of the Policy Working Group.