

# Kingscote Parish Council

## Statement of Internal Controls and Annual Review of Effectiveness of Internal Control

### **SCOPE OF RESPONSIBILITY**

Kingscote Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper practices, that public money is safeguarded and properly accounted for; and used efficiently, effectively and transparently.

Part 2, Regulation 3 of the Accounts and Audit Regulations 2015 states that 'a relevant authority must ensure that it has a sound system of internal control which;

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk'

### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk and reduce it to a reasonable level rather than to eliminate all risk of failure. Managed risk will help to achieve policies, aims and objectives. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is on-going and the process is designed to identify and prioritise the risks to the parish council's policies, aims and objectives and to evaluate and manage the risks accordingly.

### **RESPONSIBILITY FOR THE INTERNAL CONTROL ENVIRONMENT**

#### **The Council:**

The council as a corporate body is responsible under statute for certain decisions which cannot be delegated; for example, setting of the precept and approval of the AGAR Annual Return and Governance Statement.

The council has, and will keep under review, Financial Regulations and Standing Orders. The council's System of Internal Control is ancillary to and underpins these documents.

The council appoints a chairman who is responsible for the smooth running of meetings and ensures that all council decisions are lawful with the advice of the Clerk to the Council. The chairman shall initial each numbered page of the minutes once approved at the council meetings.

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Neither the chairman nor any individual councillor may make decisions on behalf of the council. Decisions are made in accordance with the Standing Orders and Financial Regulations adopted by the council.

The council approves a projected budget by the end of December each year This informs the decided level of precept for the following financial year.

The RFO shall provide the council, at each full council meeting, with a statement of receipts and payments since the previous meeting.

## **Officers:**

The council has appointed a suitably experienced and qualified individual as Clerk to the Council and Responsible Financial Officer. They are the 'Proper Officer' who acts as the council's advisor, administrator and financial officer.

The clerk is responsible for the ongoing compliance with all legislation and regulations that the council is subject to and, for managing risks. The Clerk also ensures that the council's procedures, control systems and policies are reviewed and maintained.

The duties of the Clerk / RFO are laid down in a Job Description which is reviewed from time to time by the council staffing committee.

The Clerk / RFO shall check and authorise payments prior to their presentation for signature in accordance with the approved financial procedures.

The Clerk/RFO submits all the requested information to the internal auditor by the required date.

The Clerk/RFO arranges for publication and display of public notices.

The Clerk/RFO retains all relevant documents relating to finances in accordance with best practice and the council's Document Retention Policy, Annual Return, VAT Returns, PAYE/NIC information, Public Notices, Asset Register, risk assessments, accounts and other supporting information.

## **Internal Auditor**

The council appoints a suitably qualified and experienced Independent Internal Auditor who will report to the council in accordance with the scope of internal audit sufficient to provide an adequate level of assurance for the council to complete assertions 2 and 6 in its Annual Governance Statement. The council will seek for the internal audit to take place in March at the end of the financial year. The appointment is minuted.

The reports of the Internal Auditor are considered at the following full council meeting.

The findings and recommendations of the internal audit shall be reviewed in September, 6 months after receipt of the report. Additionally, the council will review the effectiveness of

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its internal controls every February to assist in completion of the AGAR Annual Governance Statement in May.

## **FINANCIAL AND ACCOUNTING PROCEDURES**

### **Financial Regulations**

Financial Regulations will be constantly reviewed for continued relevance and amended where necessary. A minimum of an annual review will take place every December.

### **Online Banking Payments and Cheque Signatories**

Internet banking payments are raised by the Clerk / RFO and approved by two authorised signatories. Three of the councillors are signatories and two councillors have 'view only' access for reconciliation and internal control purposes.

When a payment requires authorisation, the RFO emails all five councillors alerting them to the requirement and the relevant invoices will be attached to that email for authorizing councillors to inspect.

Two councillors sign all cheques, the signatories also initial the cheque stubs. The signatories ensure that the cheque agrees with the amount of the invoice and the payee named on the invoice.

Payments are listed and presented to all councillors at the next full council meeting.

### **VAT Repayment Claims**

The Clerk/RFO ensures that proper VAT invoices are received where VAT is payable and maintains a VAT account to show that the correct amount of VAT is reclaimed at least once a year. Through the VAT 126 process.

### **Cash and Cheque Handling/Security**

Rarely will there be any requirement for the council to receive cheques or cash and other payment methods such as bank transfer should be preferred.

The Clerk will receive all income. All cash and cheques shall be kept safely in a locked place and shall be banked as soon as is reasonably possible.

All income shall be reported to the full council meeting. The RFO will ensure the amount of the precept is correct and that all instalments are received.

### **Salaries and other Staff Payments**

Salaries and other staff payments shall be made quarterly on the 1<sup>st</sup> of January, April, July and October through the online banking authorisation procedures. Payments are made as a pre-approved expense by the council and the paid amount to the clerk and HMRC PAYE is ratified at the next meeting.

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The clerk salary is subject to annual review by the council and consideration given to the annual inflationary increase as notified by NALC.

PATA Payroll are employed to provide the information to the RFO for payment of salary, along with payments to and requirements of HMRC.

Mileage and any other expenses shall be reimbursed in accordance with rates approved by the council. The chair or vice-chair can authorise the clerk to undertake mileage on behalf of the council at the standard rate approved by HMRC and this will be ratified at the next meeting.

Upon the production of appropriate receipts, out of pocket expenses for small day to day items appropriate to the duties of the staff member shall be reimbursed.

## **Budgetary Control**

The Clerk (RFO) will ensure that all details of accounts certified for payment are entered in the cashbook in the correct budgetary heading and that there is a lawful power to make the payment.

Prior to each council meeting, one of two councillors (unless unavailable) not involved in the payment authorisation process will, with the RFO, conduct a bank reconciliation and complete an Internal Controls checklist. These documents will be provided at the next council meeting.

This reviewing councillor will be given access to a secure online document storage folder where the RFO will have made bank statements, invoices and a pdf copy of the cash book available to facilitate the reconciliation and internal controls process. All other councillors are also given 'view only' access to this folder for complete transparency. Copies of the current financial year contents will remain in these folders until the annual internal audit has been completed to accommodate the auditor reviewing this process. After this time the folders for that financial year will be deleted.

Council will meet in September to consider a draft budget alongside future plans and budgeted reserves. The budget will be finalized in December and the level of precept set.

## **Procurement**

Financial Regulations provide a framework and set procedures for dealing with contracts of certain values. Working beneath that framework, provision needs to be made for the daily operational work of the Parish council to be administered, and to that end the Clerk is authorised to issue orders for office and other supplies to support the Parish council's administration and day to day operation within agreed budgets.

The Clerk may incur expenditure on behalf of the council which is necessary for the purposes of any repair, <sup>§</sup>

replacement or other work of an urgent nature, whether or not budgetary provision exists for such expenditure, up to a limit of £1,000. The Clerk shall report the action to council or the appropriate committee at the next available meeting.

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## ASSET MANAGEMENT

The council's Asset Register is to be reviewed on an annual basis by full council in February. No property shall be sold, leased or otherwise disposed of without the authority of the council.

The adequacy of insurance of the Parish council's assets is considered annually in advance of the insurance renewal

## RISK MANAGEMENT

The council's base Risk Assessment of its land, property, and activities, are to be reviewed on an annual basis in September.

## REVIEW OF EFFECTIVENESS

The council is responsible for conducting an annual a review of the effectiveness of its System of Internal Control. This will be undertaken in February each year. It will include completion of a GDPR compliance checklist, a review of internal controls checklists and bank reconciliations for each meeting throughout the year and considering the recommendations of the internal auditor's report. This full process will be considered and approved by full council every February.

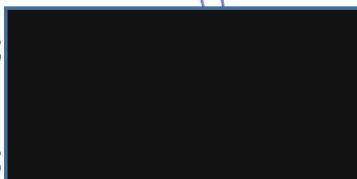
Policies and procedures which underpin the council's working practices are reviewed in accordance with the following review schedule to ensure that it is working effectively and in accordance with legislative requirements.

Document	Review Frequency	Review Month
Asset Register	Bi-annual	February & July
GDPR checklist	Annual	February
Internal Controls	Annual	February
Standing Orders	Annual	July
Risk Assessment	Annual	September
Financial Regulations	Annual	December
Code of Conduct	Year 1 & 3	July
Privacy Notices	Year 1 & 3	September
Data Protection	Year 1 & 3	December
Data Breach	Year 1 & 3	December
Subject Access Request	Year 2 & 4	July
Records Retention	Year 2 & 4	September
Co-opt Councillor	Year 2 & 4	December

Reviewed and adopted by council on; 13 February 2024

Minute reference; 23/110/1

Signed;



1/2/2024

Responsible Financial Officer

Signed;



13 feb 2024

Chairman