

CALDBECK PARISH COUNCIL: EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES 2017-18

1. At Parish Council meetings a receipts and payment account is presented. The account includes a bank reconciliation. Controls through the year have been strengthened, making use of on line banking arrangements to ensure that the latest figures are available from the bank. Receipts and payments are minuted, together with the bank reconciliation. The receipts and payments account gives full details of all transactions and is published on the website, meeting requirements for transparency. All transactions are available for inspection.
2. Bank mandates were reviewed during the year and steps taken to ensure that the mandates for HSBC and Cumberland Building Society were identical so as avoid any confusion.
3. Having set up on line access for inspecting bank accounts, the Parish Council agreed to operate full on line banking arrangements. This would allow for much more timely payment of invoices, as there have at times been delays in arranging cheque payments as a result of up to 6 weeks between meetings, holidays and the need for clarification of bank mandates. More timely payments should help local service providers and are essential for HMRC to avoid the risk of late payment charges. With on line banking, payments will only be made following email approval from two Parish Councillors who are on the bank mandate. Maximum payments of £2,000 per transaction and £5,000 per day have been set. Reconciliation of the bank account reported each meeting provides a final control, with the bank statements checked and initials recorded.
4. The precept provides the most significant element of the Parish Council's receipts together with support for grass cutting from the County Council and the National Park. While the major receipts are processed efficiently, the Parish Council is also responsible for allotment and other rents. Allotment rents are small (£2 to £6 per allotment per year) and costs of collection can exceed the rent collected. The Parish Council is encouraging use of emails and electronic bank transfers rather than post and cheques and for 2018-19 the Parish Council is seeing if there are ways to improve the efficiency of collection by bringing together payment of rent and subscriptions to the allotment society.
5. Since September figures from the receipts and payments account have been incorporated in the budget monitoring report. This compares actual receipts and payments with budgeted figures. Forecasts for the year end are also incorporated.
6. The budget monitoring document is used to prepare the budget for the next financial year, with draft budgets prepared in December and the final budget and precept approved by the Parish Council in January.
7. In setting the budget for 2018-19, the Parish Council reviewed its balances and has established earmarked reserves for street lighting, winter maintenance, elections and possible calls to repay grant in relation to the footpath. In previous

years the Parish Council had budgeted for such items but there had not been calls to spend money.

8. Where the Parish Council contracts for services such as grass cutting, invitations for tenders are sought and proper contracting processes followed with contracts awarded on the basis of value for money.
9. Annual Accounts are prepared each year in accordance with the Audit regulations 2006. For 2016-17 an error was identified by external audit and corrected. A zero had been omitted so '120000' was recorded as '12000'. Standard accounting practice is to use a comma to separate 000s and this presentation is now embedded in the Parish Council's spreadsheet reports.
10. The Annual Meeting of the Parish Council is properly advertised and held, with active public participation. The audited accounts are published, notice given and advertised, and supporting documentation made available as required.
11. The Parish Council employs an independent experienced internal auditor who audits the annual accounts prior to submission to external audit. The Internal Auditor is available for advice and discussion throughout the year. The Internal Auditor has no other role within the Council and work has been carried out with integrity and objectivity.
12. Parish Councillors have reviewed their practices and updated Standing Orders, the Risk Register, the Insurance cover, and the Assets Register. Parish Councillors make declarations of interest as required.
13. The Parish Council is satisfied overall with the effectiveness of its internal controls, lessons have been learned and controls strengthened through the year.

Reviewed and approved by the Parish Council on 26 February 2018.