

**CALDBECK PARISH COUNCIL:
EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES 2018-19**

1. The Parish Council has reviewed the effectiveness of internal control procedures and concludes these have been operating satisfactorily in 2018-19.
2. At Parish Council meetings the receipts and payment account is presented. The account includes a bank reconciliation with on line arrangements used 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.
3. Throughout 2018-19, the Parish Council operated full on line banking arrangements. This has allowed for much more timely payment of invoices, helping local service providers and are essential for HMRC to avoid the risk of late payment charges. With on line banking, payments are only 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 and other rents are small (£2 to £6 per allotment per year) and costs of collection can exceed the rent collected. The Parish Council encourages the use of electronic bank transfers rather than cheques. New systems were put in place in March 2019 enabling rents and Allotment Society subscriptions to be collected for the Society's Annual General Meeting. For March 2019 the rents collected include outstanding rents for 2018-19 and rents for 2019-20 will be collected in March 2020.
5. At Parish Council meetings figures from the receipts and payments account are incorporated in the budget monitoring report. This compares actual receipts and payments with budgeted figures. Forecasts for the year end are also presented.
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 2019-20, the Parish Council has taken a longer term view to build sufficient revenue to fund the full costs of street lighting. Following Allerdale Borough Council's decision to cease the service, responsibility for street lighting is expected to fall to the Parish Council in part from 2020-21 and in full from April 2021. The Parish Council reviews its earmarked reserves for street lighting, winter maintenance, elections and possible calls to repay grant in relation to the footpath as part of completion of the accounts for the year end.

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. For example in 2018-19 the Parish Council awarded a three year contract for the grass cutting contract which was within budget and provides certainty for the next two years.
9. Annual Accounts are prepared each year in accordance with the Audit regulations 2006. The Parish Council's Internal Auditor provided a supportive report, concluding that: "... the Clerk has maintained a high standard of record keeping which has simplified the audit process. The Council's control systems are efficient and effective and give the appropriate level of confidence, that the financial statements and reports reflect a true and accurate account of the Council's finance and governance records."
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 Code of Conduct, the Risk Register, the Insurance cover, and the Assets Register. Parish Councillors make declarations of interest as required.
13. The Parish Council is satisfied with the effectiveness of its internal and the measures taken to further strengthen controls through more timely collection of allotment rents (paragraph 4), considering a longer term view of budgetary requirements (paragraph 7), and reviews of published procedures (paragraph 12).

Reviewed and approved by the Parish Council on 25 March 2019.