

**CALDBECK PARISH COUNCIL:
EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES 2019-20**

1. The Parish Council has reviewed the effectiveness of internal control procedures and concludes these have been operating satisfactorily in 2019-20.
2. Following the uncontested election in May 2019, a new Parish Council was established, including three Councillors from Hesket Newmarket which has helped provide a more geographically representative Parish Council. All Parish Councillors have made public declarations of interest which Allerdale Borough Council publishes. At meetings Parish Councillors make declarations of interest when appropriate and these are recorded in the minutes.
3. 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.
4. Throughout 2019-20, 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 is reported each meeting and provides a final control, with bank statements checked and signed.
5. 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, particularly where invoices are not paid promptly and reminders have to be issued. The Parish Council has suggested merging the collection of rent and Allotment Society subscriptions but this has not been progressed and further work is required to improve the efficiency of rent collection. The Parish Council encourages the use of electronic bank transfers rather than cheques.
6. In 2019-20 the Parish Council received a grant from Allerdale Borough Council to support pre planning advice for an affordable housing project. That grant is ring-fenced and will be spent on the project, with any unspent balance returned. The Parish Council maintains appropriate records for all ring-fenced activities, such as affordable housing and the long standing footpath project.
7. The Parish Council is progressing the purchase of surplus National Park land, including areas used for car parking. Following completion, the Parish Council will be responsible for the collection of voluntary donations at Caldbeck car park and will seek to establish contribution boxes at other car parking areas. It is putting in place arrangements for the regular collection and banking of contributions.
8. 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.
9. 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.

10. In setting the budget for 2020-21, the Parish Council consulted parishioners about proposals for providing extra services following decisions by Allerdale Borough Council to make savings. The Parish Council accepted the results of the consultation and has provided a budget that allows for additional functions: maintaining public toilets in Caldbeck; contracting for the services of a lengthsman to help maintain gullies, ditches, and culverts, and to look after verges; and to pay for electricity for street lighting from April 2021 when Allerdale will introduce charges.
11. In light of the increased activities, Parish Councillors and the Clerk have reviewed responsibilities with the aim of ensuring effective delivery of Parish Council functions and services within the Clerk's contracted hours. Parish Councillors have volunteered to lead on a number of areas and will review the position as more functions become the responsibility of the Parish Council.
12. 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.
13. Where the Parish Council contracts for services, invitations for tenders are sought and proper contracting processes followed with contracts awarded on the basis of value for money. The main contract let is for grass cutting and in 2018-19 the Parish Council awarded a three year contract. The contract will be re-let in early 2021.
14. Annual Accounts are prepared each year in accordance with the Audit regulations 2006. The Parish Council's Internal Auditor provided a supportive report in April 2019, concluding that the Parish Council was compliant with all Account and Audit Regulations and statutory requirements. The report acknowledged: "the assistance of the Clerk/RFO for his help with queries and the thorough preparation and availability of all documents, which expedited the audit process as a result of accurate and transparent records."
15. 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.
16. 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.
17. Parish Councillors have reviewed their practices and updated Standing Orders, the Code of Conduct, the Risk Register, the Insurance cover, and the Assets Register.
18. The Parish Council is satisfied with the effectiveness of its internal and the measures taken to further strengthen controls through more efficient collection of allotment rents (paragraph 5), ensuring controls are in place for the collection of any voluntary car parking contributions (paragraph 7), considering a longer term view of budgetary requirements (paragraph 10), and reviews of published procedures (paragraph 17).

Reviewed and adopted by the Parish Council by email consensus in March 2020 and the intention is to submit the paper for approval at the next meeting.