

Kersey Parish Council Internal Control Systems

It is the council as a whole that is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of their functions and which includes arrangements for the management of risk.

One of the most important tasks for a local council is to manage its finances through proper planning, control, risk management, safeguards against misappropriation and that it complies with applicable policies, procedures, laws and regulations. This is important as public money has to be accounted for and sensibly managed to maximise community benefit but also to minimise the risk of misappropriation. To safeguard Parish Council finances there are three systems of control:

- **Internal control**
- **Internal audit** - Internal audit is a key component of the system of internal control. Its purpose is to independently review, evaluate and report on the effectiveness of risk management, internal control and governance processes to ensure they are adequate, effective, and in line with current regulations. Internal audit does not actively seek evidence of fraud, corruption, error or mistakes, but can assist the Parish Council in its responsibility for the prevention and detection of such occurrences.
- **Limited assurance audit review** - The Parish Council may be exempt from a limited assurance audit review. In which case an exemption certificate will be sent to the external auditor appointed by Smaller Authorities Audit Appointments and the Annual Governance and Accountability Return completed as necessary.

Internal control systems in place for Kersey Parish Council include the following:

The Parish Council has adopted:

- Local Government Association Model Councillor Code of Conduct 2020
- Model Standing Orders, amended to suit Kersey Parish Council
- Model Financial Regulations, amended to suit Kersey Parish Council
- Freedom of Information Act 2000, Model Publication Scheme

The Parish Council:

- has a gov.uk website. The Clerk and all Councillors have gov.uk email accounts
- website meets website accessibility guidelines and an accessibility statement is published
- is complying with UK General Data Protection Regulations, processes personal data with care in line with these principles and has an IT policy
- complies with all the requirements of the Transparency Code for Smaller Authorities
- will follow the latest edition Joint Panel on Accountability and Governance Practitioners Guide
- has opted in to the Smaller Authorities Audit Appointments sector led arrangements for audit purposes. The Parish Council completes an Annual Governance and Accountability Return – including the Annual Governance Statement and Accounting Statements and complies with the publication requirements
- has appointed the Clerk as Responsible Financial Officer
- carries out a job appraisal for the Clerk annually in the autumn
- has appointed an independent and competent Internal Auditor who reports to Council with written reports twice a year and completes the Internal Audit Report in the Annual Return
- carries out a review of the Effectiveness of Internal Audit and Internal Control Systems annually
- has a risk management policy and carries out a risk assessment covering financial and business affairs, reviewed annually

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- keeps an asset register which is reviewed annually. An external insurance review is carried out annually in July; this includes a review of the fidelity guarantee insurance cover, also reviewed again in March before the first precept payment is received in April
- takes out appropriate external insurance which includes cover for public liability, employer's liability and a fidelity guarantee
- approves the annual budget at a meeting in November so the annual precept can be set and requested in January. As part of the budget process a sheet is prepared showing the legal powers being exercised. When any new expenditure or activities are agreed the legal power is noted in the minutes. The budget is monitored against actual spending during the year by Councillors
- has a bank mandate in place which is reviewed annually
- holds no petty cash - all payments are made direct from the bank or by cheque

All income is received and banked, intact, promptly, in the Council's name and reported to the Council. Payments are raised against invoices (addressed to Kersey Parish Council, where possible).

All invoices and payments are checked by the RFO and then approved and signed by two Councillors. Online banking payments are authorised by two Councillors.

All cheques and cheque book stubs are signed by two Councillors.

A Councillor will review the cashbook, verify and sign bank statements and bank reconciliations at least quarterly; the results of this verification will be reported to the Council at a meeting and minuted.

Councillors review the actual and budgeted receipts and payments at least quarterly.

The Parish Council appoints a lead Councillor for finance. Their brief is to understand and check the accounts in support of the Responsible Financial Officer and the Council. Routine random checks carried out by the lead Councillor for finance to ensure accounting and other records are being properly completed include:

- Evidence that original finance/audit documents are reviewed at Council meetings
- The cashbook is correctly written up and mathematically correct
- Payment amounts agree with invoices and income due is received
- Bank reconciliation is regularly undertaken
- VAT returns have been completed
- Salary payments agree with Council approved amounts
- Financial statements produced for Council meetings agree with accounting records
- The budget is reviewed against actual spending regularly
- Expenditure Powers are recorded
- The asset register is up to date
- The website is up to date and documents published in accordance with the Transparency Code
- Data protection regulations are complied with.