



# Kessingland Parish Council

## INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2022

### 1. SCOPE OF RESPONSIBILITY

Kessingland Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the council's functions and which includes arrangements for the management of risk.

### 2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### 3. THE INTERNAL CONTROL ENVIRONMENT

#### **The Council:**

The council reviews its obligations and objectives and usually approves budgets for the following year at its November/December meeting. The January meeting of the council usually approves the level of precept for the following financial year.

The council has appointed a Finance & Governance Committee which has delegated powers to deal with financial and governance matters which are legally allowed to be delegated to it and are outlined in the Standing Orders, Financial Regulations and Terms of Reference of the committee however the main financial controls are overseen by the Parish Council meeting. Councillors monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters which are minuted and circulated to all members of the council. A councillor responsible for bank reconciliation checks has been appointed.

The parish council meets at least 10 times each year and monitors progress against its aims and objectives at each meeting by receiving minutes from the Finance & Governance Committee (which meets 12 times a year) as well as reports from the Parish Clerk/Responsible Financial Officer.

The council carries out reviews of its internal controls, systems and procedures. **See attached Appendix 1.**

**Clerk to the Council/Responsible Finance Officer:**

The council has appointed a Clerk to the Council who acts as the council's advisor, administrator and Responsible Financial Officer (RFO). The Clerk is responsible for advising on the day-to-day compliance with laws and regulations that the council is subject to and for managing risks. The Clerk also provides advice to help the council ensure that its procedures, control systems and policies are adhered to. As RFO, the Clerk is responsible for administering the council's finances and takes particular responsibility in relation to advising on financial matters, including compliance.

**Payments:**

All payments are reported to the council for approval. Any delegations are only as authorised by s.101 of the Local Government Act 1972 and the council's financial regulations and as authorised by full council and any payments made under delegation are reported to the council.

Two members of the council must sign every cheque or order for payment. The signatories should consider each payment against the relevant invoice, sign the invoice and initial the cheque counterfoil or relevant online banking paperwork. All authorised cheque signatories are members of the council. No officer of the council can sign cheques. All payments should align with the council's financial regulations unless authorised by full council.

**Income:**

All income is received and banked in the council's name in a timely manner and reported to the council.

**Risk Assessments/Risk Management:**

The council reviews its risk assessment annually, usually prior to the AGM in May, and regularly reviews its systems and controls.

**Internal Audit:**

The council appoints an independent and competent internal auditor who reports to the council once a year at year end, on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations

- Risk management

**External Audit:**

The council's external auditors submit an annual certificate of audit which is presented to the council.

**4. REVIEW OF EFFECTIVENESS**

The council has responsibility for conducting an annual review of the effectiveness of the system of internal control and will also review the effectiveness of internal audit. The results of that review will be considered by the council, which will also approve the related Statement on Internal Control.



Chair



RFO/Clerk

Approved and adopted by Kessingland Parish Council

Meeting date: 4<sup>th</sup> May 2022

**Kessingland Parish Council**  
**INTERNAL CONTROL STATEMENT FOR YEAR ENDING 31 MARCH 2022**

**Appendix 1**

The Accounts & Audit (England) Regulations 2015 aim to strengthen governance and accountability through requirements related to internal control and internal audit.

Regulation 3 states: "A relevant authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct each financial year a review of the effectiveness of the system of internal control.

**Proper Practice – setting the framework for our internal controls**

The publication *Governance and Accountability for Smaller Authorities in England*, March 2019 provides the Proper Practices with which Kessingland Parish Council is required to comply.

**Internal Audit – examining our internal controls**

The Parish Council appoints an internal auditor to examine its financial procedures and internal controls at the end of the financial year and annually reviews the effectiveness of the internal audit (independence, competence, proportionality and scope). The purpose of internal audit is to review and report to the Council on whether its systems of financial and other internal controls over its activities and operating procedures are effective. The annual internal audit report focuses on internal control objectives covering the key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet our needs.

**External Audit – examining our internal controls**

Kessingland Parish Council intends to be able to confirm in its governance statements in the Annual Governance and Accountability Return that it has maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. To achieve this, it needs to ensure the following internal controls are in place and effective:

- 1) Suitable Standing Orders and Financial Regulations.
- 2) Safe and efficient arrangements to safeguard public money, including through the proper administration of our financial affairs, appointing one of our officers (the

- 2) Safe and efficient arrangements to safeguard public money, including through the proper administration of our financial affairs, appointing one of our officers (the Responsible Financial Officer – RFO) to have formal responsibility for those affairs, appropriate authorisations of payments, bank account and bank mandate approvals, signatory and credit cards controls, risk assessment, and training for those with direct responsibility for money.
- 3) Compliant employment practice and suitably controlled payroll.
- 4) Robust VAT practices.
- 5) Properly maintained and efficiently managed fixed assets and equipment with appropriate procedures for any asset disposal and capital receipts.
- 6) Affordable and appropriate loans, if any, and long-term liabilities.
- 7) Reviewed and effective system of internal control.

As part of its internal control, the Parish Council has appointed a non-signatory Councillor to conduct a review of the system of internal control via the following tests on a quarterly basis, with a written report of any findings to be submitted to the Council and minuted as received.

CONTROL TEST	PROCESS	DATE TEST DONE	INITIALS
<b>Assets</b>			
Ensuring an up-to-date Register of Assets	The Register of Assets is amended when new assets are gained or disposed of by the council. Updates to the Register are provided to F&G on a 6 monthly basis.	15/6/2022.	JB.
Regular maintenance arrangement for physical assets	The council has employed a General Factotum (GF) who will carry out a six monthly review of physical assets along with the Clerk. Council has purchased a Smart phone for the GF which will have access to the council's SharePoint so that files can be annotated and images uploaded. The council has invested in Parish Online which will be used for holding the asset record once training has been completed and records transferred onto the site. Allotment management has become a staff responsibility and a member of staff has been given additional hours to carry on monthly checks on the sites which are reported to the Deputy Clerk and quarterly checks are carried out with the Deputy Clerk in attendance. In addition Waveney Norse do monthly checks on play equipment and will be providing the council with inspection sheets. Norse also arrange of an annual ROSPA level inspection with which the council will be provided copies. Any		

	issues are reported to the Clerk and depending on the risk assessment are either actioned via delegated powers or reported to the council's Leisure and Amenities Committee. In addition the council is working on a maintenance plan for assets including such matters as annual maintenance and period maintenance schedules as well as considering longer term repairs on items such as rooves, doors and windows.	15/6/2022	L.B
<b>Risk Management</b>			
Annual review of risk and the adequacy of insurance cover	The council reviewed its insurance cover at the AGM and the insurance levels are reviewed by the Clerk and Chair of F&G at the renewal date. Any substantial items added are notified to our insurers to ensure that they are added and in case there is any change to the premium.	15/6/2022	L.B
Annual review of financial risk	The Fidelity insurance is checked annually to ensure there is sufficient cover and wherever possible the balances are spread across accounts to ensure that FSA indemnities are in place.	15/6/2022	L.B
<b>Standing Orders and Financial Regs</b>			
Awareness of Standing Orders and Financial Regulations	All councillors are aware of the Standing Orders and Financial Regs and are provided with copies. Both the Clerk and the Asst Clerk have done Clerk training via SALC and are now doing their CiLCA. The new Admin & Committee Clerk has had the basics of Standing Orders and Financial Regs explained and will be enrolled on the SALC Clerks course when she is ready. All councillors have been provided the opportunity to attend SALC training and the most councillors have attended. Councillors have also been provided with a financial brief explaining the council's finance procedures in order to tighten up processes.	15/6/2022	L.B
Adoption of Financial & Standing Orders	The Standing Orders and Financial Regs were changed in line with the new European contract figures and approved and has been adopted again at the AGM on 4 <sup>th</sup> May 2022.	15/6/2022	L.B
<b>Contracts</b>			

Regular reporting on performance by Contractors	The council has very few contractors. Spot checks are carried out on the work done and also on hours billed.	15/6/2022	bb
Annual review of contracts (where appropriate)	The services provided by Waveney Norse have been checked during the year and resulted in a meeting to review the play equipment checks. This led to an promised improvement in the reporting regime which is now in its first month. Norse are in the process of being absorbed back into ESC and then rebranded. This will mean that the council will have to review provision of the services that Norse provides. Red Dune provide IT services; quotes and costs are reviewed against online prices bearing in mind the back up support which we receive from Red Dune. All contracts are considered annually by the F&G committee..	15/4/2022.	bb
<b>Safeguarding payments &amp; receipts</b>			
Regular bank reconciliation, independently reviewed	Bank reconciliations have been more regular in the last year and are now set up to be carried out monthly and reported to F&G. Cllr James is the independent bank reconciliation officer. A new monthly RFO Report to F&G should be initiated for the June 2022 meeting which will provide councillors with a full report on all transactions each month as well as balances.	15/4/2022	bb
Regular scrutiny of financial records and proper arrangements for the approval of expenditure	All payments are made to invoice/receipt. Unless there is delegated authority all expenditure is approved prior to spend. On major expenditure, quotes are sought and approved by the relevant committee up to Parish Council level if they are over £5,000. Invoices are checked to quotes and any differences checked and reasons sought. Payments are notified to and approved by F&G or occasionally parish council. Payment is then set up for authorisation via online banking with Unity and notification sent to the bank signatories. Currently signatories see paper copies of the control sheets and invoices authorised by two councillors who check against the invoices. AS back signatories change there is a hope to taking this to signatories having access to online copies of control sheets and invoices.		

	The payments are then recorded within Rialtis and reconciled monthly which is then checked by the reconciliation officer.	15/6/2022	<i>bib</i>
Recording in the minutes/appendices the precise powers under which expenditure is being approved.	Council has the General Power of Competence so this is not a requirement.	15/6/2022	<i>bib</i>
Payments supported by invoices, authorised and minuted	All payments are supported by invoices/receipts or expenses forms for mileage. These are verified by the clerk and the two bank signatories and payments also go to F&G for approval and are included in the minutes.	15/6/2022	<i>bib</i>
Regular scrutiny of income records to ensure income is correctly received, recorded and banked.	Income is reported to F&G each month with the exception of fees for football and allotment rent. Processes have been put in place to ensure that from FY 2022 this will happen. Rialtis has been reconfigured so that for example allotment income is in the same cost centre as Allotment rent, services and improvements. F&G will also be getting a monthly report to show income, expenditure and balances and recorded in minutes.	15/6/2022.	<i>bib</i>
Scrutiny to ensure precept recorded in the cashbook agrees to Billing Authority Notification.	The precept was approved by Parish Council and the submission of the precept was copied to the Chair of F&G and reported to council. Receipt of precept payments are notified and minuted by F&G and notified to parish council.	15/6/2022.	<i>bib</i>
<b>Employment</b>			
Contracts of employment for staff.	All Staff have contracts of employment.	15/6/2022.	<i>bib</i>
Contract annually reviewed	Appraisals are carried out each September and the contracts are discussed at the appraisal and both are reported back to the Personnel Committee along with any recommendations. Contracts are also monitored for any changes in the law.	15/6/2022	<i>bib</i>
Updating records to record changes in relevant legislation.	As above.	15/6/2022	<i>bib</i>
PAYE/NIC properly operated by the Council as an employer	Our payroll is managed by SALC and is spot checked twice a year. SALC have been provided with authorisation to receive updates from HMRC and query on our behalf with HMRC.	15/6/2022	<i>bib</i>
<b>VAT</b>			

VAT correctly accounted for VAT payments identified, recorded and reclaimed in the cashbook.	VAT is noted on Rialtis and identified. There was an initial £6 error initially at the 2022 closedown however this was quickly identified and corrected. A VAT return has been submitted and payment received however this year it is likely that a VAT return will be done within a couple of months as a major piece of expenditure was paid in April..	15/6/2022	b.b
<b>Budget and Monitoring</b>			
Regular financial reporting to Parish Council.	Rialtis has being re-ordered to enable it to match to the council's set up and finances to enable better reporting of the council's financial status in a monthly report to F&G.	15/6/2022	b.b
Regular budget monitoring statements as reported to Parish Council	F&G minutes go to all councillors and are received at the Parish Council meeting along with any appendices. The F&G minutes currently record all payments agreed and bank balances. In 2022 this will be expanded to ensure that F&G (and therefore parish council) have a record of all Direct Debits, Standing Orders, payments under delegation, income and petty cash.	15/6/2022	b.b
<b>Transparency</b>			
Compliance with 2014 Regulations: Officer Decision Reports.	This has not been an issue as almost all decisions are made by the council. On a rare occasion that an officer decision is required then it is generally done in conjunction with the relevant chair and reported to the next relevant meeting. This would also be recorded in the meeting minutes which would go before parish council and be published on the website.	15/6/2022	b.b
Compliance with Local Government Transparency Code 2015: Items of expenditure incurred over £500.	This is an area where targets were not reached for 2021/22 however the council is now creating a new website and a specific page is being created on this new site for this purpose. However all payments over £500 is reported fully in the minutes and these minutes are available on the Website minutes.	15/6/2022	b.b
Minutes properly numbered and paginated with a master copy kept in for safekeeping.	Minutes are now successively numbered for a council year and master copies are kept both electronically and in a paper version. Minutes are signed and initialled and held as the paper copy. The council will move to scanning the signed copy for our own internal records, with copies on the website annotated to say that a signed copy can be viewed at the council office. The Chair of the		

	committee additionally initials each page of the minutes so that substitutions cannot be made.	15/6/2022	<i>bb</i>
<b>Ethical conduct</b>			
Procedures in place for recording and monitoring Members' Interests and Gifts of Hospitality.	The council has procedures for reporting gifts over £25 in value and councillors are reminded to update the register of interests. The last time they were reminded was at the AGM on the 4 <sup>th</sup> May 2022. Councillors will be provided with a copy of the new NALC Legal Note on registering members interests as there are changes under the new code of conduct	15/6/2022	<i>bb</i>
Adoption of Codes of Conduct for Members.	The council adopted the new LGA Councillor Code of Conduct on the 8 <sup>th</sup> June 2022.	15/6/2022	<i>bb</i>
Declaration of Acceptance of Office	All councillors have completed their declarations of office and these have been supplied to East Suffolk Council. A copy is kept on file by the council. The Chair and Vice Chair signed their Declaration of Office at the AGM on the 4 <sup>th</sup> May 2022	15/6/2022	<i>bb</i>

Date of review of system of Internal Control: <sup>ISC</sup> 14<sup>th</sup> June 2022

Review of system of Internal Controls carried out by: Cllr Chris Cook

Signature *Chris Cook*

Report will be submitted to Council at an extraordinary meeting on the 22<sup>nd</sup> May 2022 along with the internal audit and the AGAR

Next review of system of Internal Controls due by April/May 2023