

Report to Saxtead Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2022

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2021/22 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.

1.2 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's Responsible Financial Officer, satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £5,324.40

Total Payments in the year: £5,513.17

Total Reserves at year-end: £6,433.00

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures were agreed with the Clerk/RFO for display in Section 2 Accounting Statements 2021/22 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £6,622</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £5,147</i>
<i>Total Other Receipts:</i>	<i>Box 3: £177</i>
<i>Staff Costs:</i>	<i>Box 4: £2,933</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £2,580</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £6,433</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £6,433</i>
<i>Total fixed assets:</i>	<i>Box 9: £4,965</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).

2.1 The Annual Parish Council meeting took place on 5 May 2021. The first item of Parish Council business was the Election of a Chair, as required by the Local Government Act 1972. The meeting was held remotely as permitted in the Local Authorities and Police Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Meetings) (England and Wales) Regulations 2020.

2.2 The Council formally re-appointed Mrs Lydia Kirk as the Council's RFO at its meeting on 5 May 2021 and nominated Councillors to act as the Council's Representatives (Minute 9 refers).

2.3 The Council's Standing Orders reflect the latest model Standing Orders published by the National Association of Local Councils (NALC). The Standing Orders were reviewed and approved by the Council at its meeting on 5 May 2021 (Minute 13a refers).

2.4 Financial Regulations are in place and also reflect the latest model Financial Regulations and guidance published by NALC. The Regulations were reviewed and approved by the Council at its meeting on 5 May 2021 (Minute 13c refers).

2.5 The Council's Minutes are very well presented and provide clear evidence of the decisions taken by the Council.

2.6 The Council maintains a range of formal policies and procedures which are published on the Council's website. These include a Freedom of Information Policy, a Publication Scheme, Disciplinary Procedure and a Protocol for Recording Meetings.

2.7 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA319355, expiring 18 March 2023 refers). The Council has adopted and maintains a Data Protection Policy and a Privacy Notice to assist compliance with the General Data Protection Regulations (GDPR).

2.8 The Council demonstrates good practice by regularly reviewing and re-adopting the Model Code of Conduct for Councillors. At its meeting on 5 May 2021, the Council re-affirmed the adoption of the Suffolk Local Code of Conduct for the purposes of discharging its duty to promote and maintain high standards of conduct within its area (Minute 14 refers). A copy of the Code has been published on the Council's website.

2.9 A Website Accessibility Statement has been published by the website host Suffolk Cloud on the Council's website to assist with compliance with the Website Accessibility Regulations.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Cashbook Spreadsheet was found to be well referenced and facilitates an audit trail to the Bank Statements, On-line payments, Cheque Book counterfoils (where applicable) and the financial information prepared by the Clerk/RFO. The supporting invoices and vouchers to the Payments were examined.

3.2 One minor discrepancy in the Payments system was identified. The net salary due to the Clerk/RFO for the Quarter ending 31 March 2022, as advised by SALC Payroll Services, was £813.20. The payment made on-line was £813.70, as recorded in the Cashbook.

3.3 Local Government Act 1972 (Section 137) payments are separately recorded within the Cashbook Spreadsheet. The Cashbook records a Section 137 payment of £50 to the Citizens Advice Bureau. The Council may wish to note that donations to advisory organisations, including those to the Citizens Advice Bureau, may be made under Section 142 (2A) of the Act without having to resort to Section 137.

3.4 VAT payments are tracked and separately identified in the Spreadsheet. Re-claims are regularly made to HMRC for the VAT paid. A re-claim to HMRC for £163.94 VAT paid during the period March 2021 to January 2022 was received at bank on 9 February 2022 and reported to Council at its meeting on 17 March 2022.

3.5 An Analysis of Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has been prepared by the Clerk/RFO for publication on the Council's website.

4. Internal Control and the Management of Risk (*Review by the Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).

4.1 At its meeting on 5 May 2021 the Council reviewed the Statement of Internal Control and considered the Statement to be fit for purpose and effective (Minute 13d refers).

4.2 The Council's Assets Risk Assessment and the Financial Risk Assessment documents were reviewed and adopted by the Council at the meeting held on 5 May 2021 (Minutes 13e and 13f refer). Both Risk Assessment documents have been published on the Council's website.

4.3 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015 which requires a review by the Full Council at least once a year of

the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

4.4 Insurance was in place for the year of audit. At its meeting on 5 May 2021 the Council reviewed the insurance policy and considered it fit for the Council's needs (Minute 13g refers).

4.5 The Council considered the insurance renewal at the meeting held on 9 September 2021. The insurance renewal documentation was reviewed by the Council and considered fit for the Council's needs and payment of the renewal premium of £210.67 to CAS Business Services was approved (Minute 7a refers).

4.6 The insurance cover is provided by Royal and Sun Alliance under a 3-year long-term agreement expiring on 30 September 2022. Employers Liability cover and Public Liability cover each stand at £10m. The Councillor/Employee Dishonesty (Fidelity Guarantee) cover stands at £25,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

5. Budgetary controls (Verification of the budgetary process with reference to Council Minutes and supporting documents).

Precept 2021/22: £5,147.00 (20 January 2021, Minute 9 refers).

Precept 2022/23: £5,147.00 (13 January 2022, Minute 8ii refers).

5.1 The Budget for the year 2021/22 was considered in detail and agreed by the Council at its meeting on 20 January 2021. The Precept decision and amount have been clearly Minuted.

5.2 Similarly, the Budget and Precept for the year 2022/23 was considered and agreed by the Council at its meeting on 13 January 2022. The Precept decision and amount have been clearly Minuted.

5.3 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

5.4 Examination of the accounts and supporting documentation confirmed that the Council prepares detailed estimates of the annual budget and of receipts and payments. The estimates were used effectively for financial control and budgetary control purposes during 2021/22. The Clerk/RFO presented to Council year-to-date reports on payments and receipts, detailing spending compared to budget.

5.5 The Overall Reserves at the year-end totalled £6,433.00 of which £1,143.61 is earmarked as follows:

Amenity Fund:	£53.61
Election Fund:	£400.00
Asset Maintenance:	£440.00
Jubilee Fund:	£250.00

5.6 The General Reserves (Overall Reserves less Earmarked Reserves) totalled £5,289.39 as at 31 March 2022 and is in line with the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.32 refers).

5.7 As at 31 March 2022 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

6. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).

6.1 Receipts recorded in the Cashbook Spreadsheet consisted of the Precept (£5,147.00), Grant from ESC (£13), VAT Refund from HMRC (£163.94) and Bank Interest Received (£0.46).

7. Petty Cash (*Associated books and established system in place*).

7.1 A Petty Cash system is not in use. An expenses system is in place, with cheques and on-line payments being made out for expenses incurred.

8. Transparency Code (*Compliance for smaller councils with income/expenditure under £25,000*).

8.1 Under the provisions of the Transparency Code, Saxtead Parish Council can be designated as a 'Smaller Council'.

8.2 The Council's website is: <http://saxtead.suffolk.cloud/parish-council/>

8.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. Payments included within published Minutes of Council meetings.*
- b) *Annual Governance Statement: 2020/21 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2020/21 AGAR Annual Return, Section Two. Published on website.*
- d) *Annual Internal Audit report within 2020/21 AGAR Annual Return. Published on website.*
- e) *List of councillor or member responsibilities. Published on website.*
- f) *The details of public land and building assets (Asset Register). Published on website.*
- g) *Minutes, agendas and meeting papers of formal meetings. Published on website.*

8.4 The Council is complying with the requirements of the Transparency Code.

8.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 requires the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was able to confirm that the document for the year 2020/21 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts, Dates of Inspection Period and the Details of the person making the announcement.

8.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed as easily accessible on the Council's website.

9. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).

9.1 Payroll Services are operated by the Suffolk Association of Local Councils (SALC) on behalf of the Council in accordance with HMRC requirements. Detailed payslips are produced. A copy of the End-of-Year form P60 for the Clerk/RFO was presented to the Internal Auditor.

9.2 At its meeting on 5 May 2021 the Council formally approved the Clerk/RFO's revised Salary Point (from NJC SCP 9 to SCP 10) with effect from 1 April 2021 in accordance with the Clerk/RFO's Contract of Employment (Minute 11e refers).

9.3 At its meeting on 8 March 2022 the Council was advised by the Clerk/RFO of the national salary award to local government officers and noted that the new rates of pay under the NJC/NALC agreement are to be backdated to 1 April 2021 (Minute 6 refers).

9.4 With regard to Workplace Pensions, at its meeting on 13 April 2017 the Council noted that the Clerk in post at that time had registered the Council with the Pension Regulator as an employer. Internal Audit was advised that the Council offered the present Clerk/RFO a workplace pension on 16 January 2018. The Clerk/RFO informed the Council on 16 February 2018 that she did not wish to enter into an optional scheme at that time.

9.5 With regard to the legislation attached to workplace pensions, the Clerk/RFO has advised the Internal Auditor that she will confirm that a re-declaration of compliance has been submitted to the Pensions Regulator in accordance with the Pensions Act 2008. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

10. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).

10.1 An Asset Register is in place. The Council reviewed the Register at its meeting on 5 May 2021 (Minute 13b refers). The Asset Register as at 31 March 2022 displays a value of £4,965.02, an increase of £460 over the value of £4,505.02 at the end of the previous year. The increase reflects the acquisition of an Iron Tree Guard at The Green (£215) and an Iron Tree Guard at Little Green (£245). A copy of the Register has been published on the Council's website.

10.2 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The value has been correctly entered into Box 9 of Section 2 of the AGAR.

11. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).

11.1 Bank Reconciliations were presented to the Council by the Clerk/RFO during the 2021/22 year of account.

11.2 The bank statements for the Barclays Community (Current) Account and the Barclays Business Premium (Deposit) Account (both as at 31 March 2022) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation.

12. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).

12.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

13. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).

13.1 The Council has satisfactory internal financial controls in place. Councillors are provided with information to enable them to make informed decisions. The Clerk/RFO provides financial reports to Council meetings, including details of bank statements and bank reconciliations.

13.2 The Council demonstrates good financial practice through the appointment of an Examining Councillor who undertakes routine examination of bank statements and confirmation of the bank reconciliations prepared by the Clerk/RFO.

13.3 Receipts and Payments are listed in the Council's Minutes as part of the overall financial control framework. The Clerk/RFO presents to the Council the Year-to-Date Receipts and Payments Account details.

13.4 At its meeting on 9 June 2021 the Council agreed that the Clerk/RFO should look into arranging online bank payments for the Council. On 9 September 2021 the Clerk/RFO confirmed that permitted Councillors will have access to online banking, that all payments will be authorised by two mandates. The Council agreed changes to the Financial Regulations with regards to online bank payments and that the Clerk/RFO will have 'view only' online access to the bank accounts. The Council noted that the Clerk/RFO would send approved invoices to one of the mandates who will set up the online payments (Minute 7g refers).

In addition, it was confirmed that:

(a) Cashbook reference numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

(b) Invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.

(c) Where cheques are being prepared, the cheque book counterfoils are initialled by Cheque Signatories in accordance with the requirements of item 6.5 in the Council's Financial Regulations.

13.5 The Council reviewed the Internal Audit report for the previous year (2020/21) at the meeting held on 5 May 2021 (Minute 12 refers). No issues of concern had been raised in the Report.

13.6 The Internal Auditor for the 2021/22 year was re-appointed by the Council at the meeting held on 5 May 2021 (Minute 15 refers).

14. External Audit (*Recommendations put forward/comments made following the annual review*).

14.1 An External Audit was not required in the year 2020/21. At its meeting on 5 May 2021 the Council agreed to complete the Certificate of Exemption from a Limited Assurance Review for that year (Minute 11d refers).

14.2 Similarly, as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2022, the Council is able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. The Council can accordingly prepare a Certificate of Exemption from a Limited Assurance Review for the year 2021/22, for submission within the due date to PKF Littlejohn LLP.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

12 April 2022