

Report to Chediston and Linstead Grouped Parish Council

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

1. Introduction and Summary.

1.1 The End of Internal Audit for the 2021/22 year confirmed that the Parish Council maintained effective governance arrangements including a robust framework of financial administration and internal control. This Internal Audit review has confirmed the overall adequacy of the financial arrangements currently in place.

1.2 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), 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 2021/22 display the following:

Total Receipts for the year: £5,365.69

Total Payments in the year: £5,826.06

Total Reserves at year-end: £4,978.99

1.4 Sections One and Two of the Annual Governance and Accountability Return (AGAR) were approved by the Council at the meeting held on 16 May 2022. The following figures in Section Two were agreed by the Internal Auditor:

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £5,440</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £3,250 Note 1 *</i>
<i>Total Other Receipts:</i>	<i>Box 3: £2,116 Note 2 *</i>
<i>Staff Costs:</i>	<i>Box 4: £1,981</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £3,845</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £4,980</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £4,980</i>
<i>Total fixed assets:</i>	<i>Box 9: £5,430</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

* Note 1: Box 2 approved by the Council on 16 May 2022 included the Tax Base Grant of £41 which should have been placed in Box 3 (Box 2 must display the Precept only).

* Note 2: Box 3 Includes Tax Base Grant from East Suffolk Council.

1.5 The Internal Auditor has completed the Annual Internal Audit Report 2021/22 within the AGAR. The following Internal Audit work was carried out on the adequacy of systems of internal control. 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 At the Annual General Meeting of the Parish Council on 17 May 2021 the first item of business was the election of a Chairman in accordance with the requirements of the Local Government Act 1972. The Council re-confirmed the Clerk, Mrs Kay Gregory, as the Responsible Financial Officer.

2.2 Standing Orders and Financial Regulations are in place and were reviewed and adopted by the Council at its meeting on 20 September 2021 (Minute 8 refers). Neither document has been published on the Council's website. **In the interests of transparency and for the ease of access by Councillors and local residents, the Council should consider publishing a copy of Standing Orders and Financial Regulations on the Council's website.**

2.3 The Minutes of the Council are well presented and provide evidence of the decisions taken by the Council in the year.

2.4 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA509545, expiring on 4 April 2023).

2.5 The Council reviewed and re-adopted the Local Code of Conduct at the meeting held on 17 May 2021 (Minute 16 refers). The Council demonstrates good practice by periodically reviewing and re-adopting the Code of Conduct, which details the requirements and responsibilities placed upon each individual Council Member.

2.6 The Council has not published a Website Accessibility Statement to demonstrate compliance with the website accessibility regulations which came into force in September 2020. It is good practice for a local council to publish such a Statement, which details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible or where there would be a disproportionate burden to secure full accessibility, with contact details to report accessibility problems.

Recommendation 1: The Council should consider constructing and publishing a Website Accessibility Statement (or request the website host to publish a Statement) which will include website navigation and accessing information and disclose any areas which are exempt from the Regulations or may involve a disproportionate financial burden to achieve full accessibility.

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 is maintained in the form of a hand-written ledger and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. A sample of transactions was examined and found to be in good order with supporting invoices and vouchers in place.

3.2 Payments made under the powers of Section 137 of the Local Government Act 1972 are separately identified in the Cashbook and Receipts and Payments Account.

3.3 VAT payments are separately identified in the Cashbook to assist future claims to HMRC for re-imbursement. Relatively small amounts of VAT are normally paid in the year. The most recent re-claim to HMRC was for the £353.57 VAT paid in the period 1 May 2019 to 31 March 2021, submitted by the Clerk/RFO on 19 June 2021 and received at bank on 23 June 2021.

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

4.1 The Council's Risk Assessment documentation was reviewed and approved by the Council at the meeting held on 17 May 2021 (Minute 13 refers). The internal control and risk assessment documents provide an analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified. A level of risk is applied (H, M or L) to each identified risk with an explanation of how the risks are managed and any action taken in this respect by Councillors, the Clerk/RFO and the Auditor.

4.2 The Council accordingly complied with Section 4 of the Accounts and Audit Regulations 2015 which require 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 the management of risk, with the review suitably Minuted.

4.3 Insurance was in place for the year of account. The Council approved the renewal premium of £146.56 to CAS Insurance Brokers at its meeting on 20 September 2021 (Minute 7 refers). The Policy is provided by Royal and Sun Alliance Insurance and covers the period 1 October 2021 to 30 September 2022 and included a discount for a three-year long-term undertaking which expires on 30 September 2022. The Employer's Liability cover and Public Liability cover each stand at £10m. The Fidelity (Councillor/Employee Dishonesty) 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. Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).

5.1 Chediston and Linstead Grouped Parish Council is designated as a 'Smaller Council'. The Council's website is: <http://chedistonandlinstead.onesuffolk.net/>

5.2 Smaller authorities should publish on their website:

- a) All items of expenditure above £100
Published – [Yes, included within published Financial Statements](#)
- b) Annual Governance Statement, AGAR Annual Return, Section One:
Published (2020/21) – [Yes](#)
- c) End of year accounts, AGAR Annual Return, Section Two:
Published (2020/21) – [Yes](#)
- d) Annual Internal Audit report within AGAR Annual Return:
Published (2020/21) – [Yes](#)
- e) List of councillor or member responsibilities:
Published – [Yes](#)
- f) Details of public land and building assets:
Published – [No public land or building assets are owned](#)
- g) Minutes, agendas and meeting papers of formal meetings:
Published – [Yes](#)

5.3 The Council is meeting the requirements of the Transparency Code.

5.4 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)'. The Internal Auditor was able to confirm that the document for the year 2020/21 was available on the Council's website.

5.5 It was confirmed that the documents required to be published, as listed in the AGAR Page 1 Guidance Notes, were accessible on the Council's website.

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

Precept 2021/22: [£3,250 \(18 January 2021, Minute 7 refers\)](#).

Precept 2022/23: [£3,250 \(15 November 2021, Minute 8 refers\)](#).

6.1 The Precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

6.2 Good budgetary procedures are in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments.

6.3 The Reserves available to the Council at the year-end 31 March 2022 were £4,978.99. The level of Reserves and Contingency sums available were sufficient to meet, within reason, any unforeseen items of expense that may occur.

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

7.1 The Receipts in the year 2021/22 consisted of Precept (£3,250), Tax Base Grant (£41), Locality Grants (£1,721), VAT Refund (£353.57) and bank interest (£0.12).

7.2 Income controls were checked and income received and banked cross referenced on a sample basis with the Cashbook and bank statements.

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

8.1 No Petty Cash is held; an expenses system is in place with any expenses incurred reimbursed by payment by cheque.

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

9.1 The Clerk/RFO confirmed that the Council is recorded as an employer on HMRC's Real Time Information system and the Council operates Real Time PAYE.

9.2 The Council noted at the meeting held on 21 May 2018 that the Clerk's wages were to be increased in accordance with the National Joint Council for Local Government Services (NJC) recommended rates with effect from April 2018 (Minute 12 refers) and Scale Point 16 at £9.52 per hour at 4 hours per week x 52 weeks = £1,980.16 p.a. became payable. This was paid as a Standing Order of £165.01 per month and has continued to be paid during the years 2019/20, 2020/21 and 2021/22.

9.3 The previous Internal Audit Report advised the Council that the NJC agreed new pay scales with effect from 1 April 2019 and the old Scale Point 16 was replaced by a new Scale Point 6 at £9.96 per hour (from 1 April 2019). The 2020/21 national salary award resulted in Scale Point 6 being increased to £10.24 (from 1 April 2020). At its meeting on 17 May 2021 the Council agreed to bring the Clerk's salary in line with the current NJC pay scales (Minute 15 refers).

9.4 The Council is advised that the national pay award 2021/22 to local government officers (backdated to 1 April 2021) provides for Scale Point 6 being increased from £10.24 an hour to £10.42. Accordingly, the salary paid to the Clerk/RFO in 2021/22 was significantly below the recommended Scale Point 6 rates per hour.

9.5 With regard to the legislative requirements relating to workplace pension schemes, the Council is registered with the Pensions Regulator. A re-declaration of compliance was submitted by the Council to the Pensions Regulator on 21 April 2020 under 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 and was reviewed by the Council during 2021/22 at its meeting on 17 May 2021 (Minute 13 refers).

10.2 The Assets show a total of £5,430 as at 31 March 2022, an increase of £482 from the value of £4,948 as at the end of the previous year. The Clerk/RFO confirmed the increase in value reflects the new noticeboard acquired in the year for Linstead.

10.3 The value as at 31 March 2022 has been entered into Box 9 of the AGAR (rounded to £5,430 for purposes of the Return).

10.4 The Asset Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are recorded at original purchase cost or, where the original purchase price is unknown, a proxy value is given which will remain unchanged until disposal. No public land or building assets are owned by the Council.

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

11.1 The bank statements for the Barclays Community (Current) Account (£5,329.50) and the Barclays Business Premium (Savings) Account (£1,242.18) as at the 31 March 2022 reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation after taking into account the 5 unpresented cheques totalling £1,592.69 at the year end.

Recommendation 2: Unpresented cheque 100622 for £60 relates to the 2020/21 year of account and is now out of date and should be written back into the accounts as a deduction from the Payments side of the Accounts, in accordance with accounting practice.

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 formally approved by the Council at the meeting on 16 May 2022. The Receipts and Payments Account was well presented and 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's internal financial controls were examined. The Clerk/RFO provides detailed financial reports to Council meetings including Quarterly Financial Statements. Councillors are provided with information to enable them to make informed financial decisions. Details of payments made are listed within the Minutes of the Council's meetings. Invoices/vouchers are signed/initialled by Signatories to confirm the amount payable.

13.2 Cheque book counterfoils are being initialled in most, but not all, cases. It is a requirement under the Council's Financial Regulations that Cheque Signatories sign or initial the cheque counterfoils in verification of the payment made.

Recommendation 3: The Council should ensure that when cheques are signed by Signatories, the counterfoils of each cheque are also signed or initialled by cheque signatories as part of the overall financial control framework operating within the Council in accordance with the Council's Financial Regulations (item 6).

13.3 The Internal Audit report for the previous year 2020/21 was reported to Council at its meeting on 19 July 2021 (Minute 8 refers). The Report raised no issues of concern.

13.4 The Internal Auditor was formally re-appointed by the Council at the meeting held on 17 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 17 May 2021 the Council completed the Certificate of Exemption from a Limited Assurance Review alongside the Annual Governance and Accountability Return for 2020/21 (Minute 14 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. Accordingly, at its meeting on 16 May 2022 the Council completed the Certificate of Exemption from a Limited Assurance Review in respect of the year 2021/22.

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

22 June 2022