

Report to Occold Parish Council

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

1. Introduction and Summary.

1.1 The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, confirmed that during the 2021/22 year the Council maintained effective governance arrangements within a robust 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 as the Council's 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 2021/22 year confirm the following:

Total Receipts for the year: £22,119.18
Total Payments in the year: £13,126.81
Total Reserves at year-end: £20,642.20

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

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £11,650</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £8,800</i>
<i>Total Other Receipts:</i>	<i>Box 3: £13,319</i>
<i>Staff Costs:</i>	<i>Box 4: £3,438</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £9,689</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £20,642</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £20,642</i>
<i>Total fixed assets:</i>	<i>Box 9: £16,324</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR were approved at a meeting of the Council on 9 May 2022. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 within the Annual Return.

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 17 May 2021. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972.

2.2 The Council formally re-appointed Mrs Joy Hart as the Council's RFO at its meeting on 17 May 2021 and appointed Councillors to serve on the Personnel Sub Committee and the Planning Sub Committee.

2.3 The Council demonstrates good practice by maintaining a standing agenda item of governance at each of its meetings. As part of the overall governance arrangements in place, at its meeting on 4 October 2021 the Council reviewed the powers specifically designated to the Clerk/RFO and confirmed approval with no changes being made.

2.4 Standing Orders are in place and were approved by the Council on 17 May 2021.

2.5 Financial Regulations are also in place, having been approved by the Council at its meeting on 17 May 2021. The Council noted that the Clerk was to update the Regulations in relation to the arrangements for internet banking and item 5.4 of the Financial Regulations now reflect the current procedures in place.

2.6 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year.

2.7 The Council resolved at its meeting on 1 June 2020 to declare itself eligible to apply the General Power of Competence (GPoC) having met the conditions as defined in the Localism Act 2011 and no 965 of The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 (Minute 9 refers). The GPoC will remain in place until the next relevant Annual Meeting of the Council.

2.8 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 Number ZA442329, expiring 15 July 2022). As part of meeting its responsibilities under the General Data Protection Regulations (GDPR), at its meeting on 6 December 2021 the Council approved and re-adopted the Data Protection and Information Management Policy. Policies relating to Subject Access Requests and Information available under Freedom of Information are also in place.

2.9 The Council demonstrates good practice by maintaining a wide range of other formal Policies, Procedures and Protocols and a list of the due dates for their review. At the meeting on 6 September 2021 the Council reviewed and adopted the Filming at Council Meetings Policy, Disciplinary and Grievance Policy, Equal Opportunities Policy, Lone Worker Policy and the Subject Access Request Policy.

2.10 Similarly, the Council reviewed and amended the Complaints Policy and Procedure at the meeting held on 1 December 2021 and adopted the Health & Safety Policy and Dispensation Policy on 7 March 2022. The Council also has in place documents relating to Roles and Responsibilities of the Parish Councillors, a Co-Option Policy, a Grant Awarding Policy and a Public Participation Protocol.

2.11 The Council adopted the National LGA Code of Conduct at a meeting held on 9 May 2022. Councillors are reminded of their obligations under the Code of Conduct under a standing item within the agenda for meetings of the Council.

2.12 The Council has published a Website Accessibility Statement in response to the Website Accessibility requirements which came into force in September 2020. The Statement 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 and includes contact details to report accessibility problems.

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 in good order and well presented. The Spreadsheet is well referenced, including the Minute Reference against each payment. The Spreadsheet provides a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. These documents provided good evidence in support of the receipts and payments in the year. The Council's Accounts are maintained on a Receipts and Payments basis. A sample of transactions was examined against the supporting invoices and vouchers presented to the Internal Auditor and was found to be in good order.

3.2 VAT payments are tracked and separately identified within the Cashbook. A refund of £185.51 VAT paid in the period 1 November 2019 to 31 March 2021 was received at bank on 10 September 2021 and reported to the Council at its meeting on 4 October 2021.

3.3 There is a standing agenda item at each Council meeting for the consideration of Community Infrastructure Levy (CIL) matters. The Clerk/RFO makes routine reports to the Council on sums received from the District Council in respect of CIL Funds.

3.4 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2022 has been prepared by the Clerk/RFO. The Report displays a balance of £2,769.92 brought forward from previous years, £12,667.01 CIL Receipts in the year and a total of £3,935.34 expended on projects listed in the Report. The balance retained at the year-end was £11,501.59. The CIL Annual Report for 2021/22 was approved by the Council at its meeting on 9 May 2022.

3.5 Two unrepresented cheques (nos.100641 and 100836) were written back into the accounts on 20 May 2021 but were treated as income received. As stated in the Internal Audit Report 2020/21, accounting practice provides that cheques written

back into the accounts should be deducted from the Payments side of the accounts as they are not receipts per se.

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 Statement of Internal Control 2021/22 was considered and approved by the Council at its meeting on 17 May 2021 (Minute 9h refers).

4.2 The Council has in place a Risk Assessment and Financial Management document which was reviewed and approved by the Council on 12 April 2021, within the 2021/22 year of account.

4.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once each financial 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.

4.4 Insurance was in place for the year of account. At its meeting on 6 September 2021 the Council noted that two quotations for Annual Insurance Cover with effect from 1 October 2021 had been received. The Council accepted the quotation from BHIB (cover provided by Aviva Insurance) for the amount of £420.04 (under a 3-year Long Term Undertaking) with payment made on 21 September 2021. Employer's Liability cover and Public Liability cover each stand at £10m. The Fidelity Guarantee cover stands at £150,000, 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 and Publication Requirements (Compliance for smaller councils with income/ expenditure under £25,000).

5.1 Occold Parish Council is designated as a 'Smaller Council'. The Council's website is: <http://occold.onesuffolk.net/>

Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. 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

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

5.3 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require 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 official form was published to display the Date of the Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement. The Inspection dates were mis-stated as they were listed as commencing on Monday 14 June 2020 and ending on Friday 23 July 2020 but the remaining dates on the form made it clear that the year in question was 2021 and not 2020.

5.4 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.

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

Precept 2021/22: £8,800 (11 January 2021, Minute 1b refers).

Precept 2022/23: £8,800 (10 January 2022, Minute 11b refers).

6.1 The Precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.2 Budget papers are prepared to ensure Councillors have sufficient information to make informed budgetary and precept decisions. The six-month Budget update report was received by the Council at its meeting on 6 September 2021.

6.3 The budget for 2022/23 was discussed by the Council at its meeting on 10 January 2022. The Council agreed a Budget of £9,885 for the year with a Precept request for £8,800 (no change from the previous year) with an amount of £1,085 to be taken from reserves. This precept gave the Parish a Council Tax Band D amount of £42.22, a decrease of 4.10% on 2021/22 (Minute 11b refers).

6.4 The Overall Reserves available to the Council at the year-end 31 March 2022 were £20,642.20 and includes the Restricted Reserve CIL Fund balance of £11,501.59.

6.5 The General Reserves (Overall Reserves less Earmarked/ Restricted Reserves) accordingly amount to £9,140.61 which 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).

6.6 As at the 31 March 2022 the Council maintained sufficient reserves and contingency sums 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).

7.1 Receipts recorded in the Cashbook Spreadsheet consisted of the Precept (£8,800), CIL Fund receipts (£12,667.01), MSDC Covid Grant (£171), MSDC Locality Grant (£133.20), VAT Re-claim (£185.51), Bank Interest (£2.26) and two written back cheques (£160.20)

7.2 Sample checks were made on the recording of income in the Cashbook Spreadsheet with reference to the bank statements and other supporting documentation and all was found to be in order.

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

8.1 A Petty Cash system is not in use; an expenses system is in place with online payments being made for expenses incurred.

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

9.1 Payroll Services are operated in-house; PAYE is in operation. The P60 End of Year Certificate for the Clerk/RFO confirming the salary paid and tax deducted was presented to the Internal Auditor.

9.2 At the meeting on 17 May 2021 the Council received confirmation of the Clerk/RFO's satisfactory appraisal and approval of a pay rise to spinal point LC2 – Spinal point 20 - in accordance with Contract of employment and back dated to 1 December 2020 (Minute 14a refers).

9.3 A NJC agreed national pay award took effect from 1 April 2021 and the Clerk/RFO's salary was revised accordingly, backdated to 1 April 2021, the payment being made in the April 2022 salary.

9.4 With regard to the legislation relating to workplace pensions, on 2 March 2021 the Council submitted a re-declaration of compliance under the Pensions Act 2008 to the Pensions Regulator. (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 Register was reviewed and approved by the Council at its meeting on 17 May 2021.

10.2 As at 31 March 2022 the Register displayed the cost value of £16,324, an increase of £1,350 over the value at the end of the previous year, 31 March 2021, and reflects the acquisition of two Memorial Benches.

10.3 The Register displays assets at cost price and complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The value has been correctly recorded in Box 9 of the AGAR 2021/22.

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

11.1 The bank statement as at 31 March 2022 in respect of the Council's Unity Trust Bank Account reconciled with the End-of-Year Accounts. The bank balance of £20,642.20 was confirmed by the Internal Auditor.

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. Sample checks were undertaken and all was seen 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 Clerk/RFO provides detailed financial reports to Council meetings and Councillors are provided with information to enable them to make informed financial decisions. The majority of payments in the year were made online other than a small number of cheques made payable for grants/donations. The Clerk/RFO has confirmed that all Cheque Book counterfoils are initialled by cheque signatories in accordance with the Council's Financial Regulations FR 5.4.

13.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework. Each paid invoice is noted with a reference number which can be related to the number entered against the payment on the Cashbook. Cheque numbers and the Minute reference are also noted on the paid invoices to secure an audit trail.

13.3 Paid invoices/vouchers are initialled by signatories to verify the correctness of the payment.

13.4 At the meeting held on 1 February 2021, the Clerk/RFO reported that enquiries had been made into moving the bank account from a Nationwide cheque account to an on-line Unity Trust account. This would be at a cost of £6 per month but the cost would be offset in some part by savings as it would alleviate the need for cheques, stationery and stamps and would be a time saving move. The Clerk/RFO would manage the account but would not be a signatory and the transactions would still require Councillor authorisations. The Council has since transferred its banking arrangements to Unity Trust.

13.5 Payments are being made through online banking and the Clerk/RFO confirmed to the Internal Auditor that:

- (a) The Clerk/RFO is the Service Administrator who initiates the payments to be made through internet banking, which are then authorised by two Councillors before payment is released.
- (b) Nominated Councillors have been specifically authorised to approve transactions generated by the Clerk/RFO.
- (c) The Internet Banking payment confirmation document (displaying amount of payment, date and time and payee) is maintained with the invoices and the copy of the bank statements.
- (d) The procedure for electronic payments has been documented in the Council's Financial Regulations.

13.6 The Internal Audit report for the previous year (2020/21) was received by the Council at its meeting on 7 June 2021.

13.7 The formal appointment of the Internal Auditor for the 2021/22 was made by the Council at its meeting on 4 April 2022.

14. External Audit (*Declaration of Exemption completed or recommendations put forward/comments made by External Audit 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 for that year.

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.

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 May 2022