

Report to Occold Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2023

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 2022/23 year the Council maintained a robust framework of financial administration and internal financial control.

1.2 By examination of the 2022/23 accounts and supporting documentation it was confirmed that the Clerks in post, in their 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 2022/23 year confirm the following:

Total Receipts for the year: £9,636.63
Total Payments in the year: £14,149.17
Total Reserves at year-end: £16,129.66

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

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £20,642</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £8,800</i>
<i>Total Other Receipts:</i>	<i>Box 3: £837</i>
<i>Staff Costs:</i>	<i>Box 4: £4,290</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £9,859</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £16,130</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £16,130</i>
<i>Total fixed assets:</i>	<i>Box 9: £19,669</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 10 May 2023. The Internal Auditor has completed the Annual Internal Audit Report 2022/23 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. All documents were very well presented by the Clerk/RFO for the audit. 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 9 May 2022. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972.

2.2 At its meeting on 9 May 2022 the Council formally appointed Councillors to serve on the Personnel Sub Committee and the Planning Sub Committee and re-appointed Mrs Joy Hart as the Council's RFO. On 3 October 2022 Mrs Hart notified the Council of her intention to resign her position with effect from 31 December 2022. At the meeting on 5 December 2022 the Council welcomed the newly appointed Clerk/RFO, Mrs Libby Alexander and agreed to cover the salaries of both the incoming and outgoing Clerk/RFOs for the month of December 2022 to allow handover and annual leave entitlements.

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 the Council has in place a document outlining the powers specifically designated to the Clerk/RFO. The document is due for review by the Council in November 2023.

2.4 At the meeting on 5 December 2022 the Council considered the costings for a Neighbourhood Plan (NP) to be project-managed by a professional consultant. The Council agreed to accept the fee proposal from Places4people for the preparation of a NP and to apply for the relevant grants through the Government's NP Grant programme. The Council noted on 6 February 2023 that a Working Group was required with approved Terms of Reference. Early stages of the NP would include (inter alia) surveying residents for their aspirations for the NP, the village and evidence, gathering of ecology etc. The Council is being kept apprised of the progress in setting up a Working Group.

2.5 Standing Orders are in place and were approved by the Council on 9 May 2022. A copy of Standing Orders has been published on the Council's website.

2.6 Financial Regulations are also in place, having been approved by the Council at its meeting on 9 May 2022. A copy of Financial Regulations has been published on the Council's website.

2.7 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that each page of the Minutes is signed/initialled by the Chair of the meeting at which the Minutes are approved.

2.8 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

remained in place until the next relevant Annual Meeting of the Council (May 2023) when the Power lapsed as the qualifying criteria were no longer being met in full.

2.9 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 2023). The Registration displays the Council's contact address as 'Sucrerie', Old Bury Road, Stanton, Suffolk, IP31 2BX. The Clerk/RFO has advised the ICO of the Council's current contact address to ensure that all data protection queries are correctly routed to the Council.

2.10 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 (which was also reviewed and approved by the Council on 6 March 2023). Policies relating to Subject Access Requests and Information available under Freedom of Information are also in place.

2.11 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. These include the Filming at Council Meetings Policy, Disciplinary and Grievance Policy, Equal Opportunities Policy, Lone Worker Policy and the Subject Access Requests Policy.

2.12 Similarly, the Council has adopted a Complaints Policy and Procedure, a Health & Safety Policy and Dispensation Policy (the latter being reviewed and adopted by Council on 6 March 2023). 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.

All Policies are published on the Council's website under the following link:

<http://occold.onesuffolk.net/organisations/parish-council/other-documents/>

2.13 The Council adopted the National LGA Code of Conduct at a meeting held on 9 May 2022 (Minute 9j refers). On 6 June 2022 Councillors were advised of an update to the model code of Conduct in respect of declarations of interest. Councillors are reminded of their obligations under the Code of Conduct under a standing item within the agenda for meetings of the Council. A copy of the Code of Conduct has been published on the Council's website.

2.14 The Council has published a Website Accessibility Statement in response to the Website Accessibility Regulations. 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 £520.22 VAT paid from 1 April 2022 was received at bank on 4 July 2022.

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 2023 has been prepared by the Clerk/RFO. The Report displays a balance of £11,501.59 brought forward from previous years, Nil Receipts in the year and £4,367.89 expended on projects listed in the Report. The balance retained at the year-end was £7,133.70 (of which £2,000 has been allocated to a School Safety Project but remained unspent as at 31 March 2023). The approved Annual CIL Report has to be published on the Council's website and submitted to the District Council no later than 31 December 2023.

3.5 The Clerk/RFO has prepared a Statement of Explanation of Significant Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) for publication on the Council's website.

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

4.1 The bank statement as at 31 March 2023 in respect of the Council's Unity Trust Bank Account reconciled with the End-of-Year Accounts. The bank balance of £16,129.66 was confirmed by the Internal Auditor.

5. 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).

5.1 End of Year accounts are prepared on a Receipts and Payments basis. Sample checks were undertaken and all was seen to be in order.

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

6.1 The Council's Statement of Internal Control 2022/23 was considered and approved by the Council at its meeting on 9 May 2022 (Minute 9h refers).

6.2 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) and on 10 May 2023 (within the 2023/24 year of account). There is no evidence that the Risk Assessment and Financial Management document was formally reviewed and approved by the Council in the year 2022/23.

6.3 The Council accordingly failed to comply 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. Line C of the Annual Internal Audit Report in the 2022/23 AGAR has had to be completed accordingly.

6.4 Insurance was in place for the year of account. At its meeting on 5 September 2022 the Council approved the annual insurance policy renewal cost for the amount of £420.04 under a 3-year Long Term Undertaking. Cover is provided by Aviva Insurance. 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.

7. Transparency Code and Publication Requirements (*Compliance for smaller councils with income/ expenditure under £25,000*).

7.1 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: 2021/22 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2021/22 AGAR Annual Return, Section Two. Published on website.*
- d) *Annual Internal Audit report within 2021/22 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.*

7.2 The Council accordingly met the requirements of the Transparency Code.

7.3 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.

7.4 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.

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

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

Precept 2023/24: £8,800 (9 January 2023, Minute 11c refers).

8.1 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).

8.2 At the Council's meeting on 9 January 2023 the Budget for 2023/24 was discussed and it was agreed at £9,825.00, made up of the Precept request for £8,800 (being no change from the previous year) with £1,025.00 taken from reserves. This Council noted that the Precept gives the Parish a Council Tax Band D amount of £42.80, an increase of 1.36% on 2022/23.

8.3 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.

8.4 Budget papers are prepared to ensure Councillors have sufficient information to make informed budgetary and precept decisions. Budgetary controls are in place and the Council receives Quarterly Budget reports. The financial report for the period ending 31 March 2023 was presented to Council at the meeting on 3 April 2023.

8.5 The Overall Reserves available to the Council at the year-end 31 March 2023 were £16,129.66 and includes the Restricted Reserve CIL Fund balance of £7,133.70 (which includes the unspent sum of £2,000 as at 31 March 2023 allocated to the School Safety Project).

8.6 The General Reserves (Overall Reserves less Earmarked/ Restricted Reserves) accordingly amounted to £8,995.96 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 5.33 refers).

8.7 As at the 31 March 2023 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

9. Income Controls (regarding sums received from Precept, Grants, Loans and other income).

9.1 Receipts are reported to Council and recorded in the Minutes of the Council meetings. Receipts recorded in the Cashbook Spreadsheet consisted of the Precept (£8,800), Vat Refund from HMRC (£520.22) and sums received from the Charity of John Henman (£316.41)

9.2 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.

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

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

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

11.1 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.

11.2 A Contract of Employment is in place for the Clerk/RFO confirming the Salary Scale Point 19 for 5 working hours per week (22 per month). The Contract of Employment has been signed by the Clerk/RFO as at 5 December 2022. The Contract of Employment has yet to be signed by the Chairman on behalf of the Council.

11.3 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).

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

12.1 An Asset Register is in place. The Register was reviewed and approved by the Council during the year 2022/23 at its meeting on 9 May 2022 (Minute 9i refers).

12.2 As at 31 March 2023 the Register displayed the cost value of £19,669, an increase of £3,345 over the value at the end of the previous year, 31 March 2022, and reflects the acquisition of Speed Indicator Device.

12.3 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.

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 were provided with information during 2022/23 to enable them to make informed financial decisions:

- Quarter 1 Financial Report was presented to Council on 4 July 2022.
- Quarter 2 Financial Report was presented on 3 October 2022.
- Quarter 3 Financial Report presented on 9 January 2023.
- Quarter 4 Financial Report presented to Council on 3 April 2023.

13.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

13.3 The Council uses Unity Trust Bank for its banking requirements. 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) Each paid invoice is notated by the Clerk/RFO with the name of the Councillors authorising the payment and the date of the authorisation.
- (d) The procedure for electronic payments has been documented in the Council's Financial Regulations.

13.4 The Internal Audit report for the previous year (2021/22) was received by the Council at its meeting on 6 June 2022. No issues of concern were raised in the report.

13.5 The formal appointment of the Internal Auditor for the 2022/23 was made by the Council at its meeting on 3 April 2023 (Minute 11b refers).

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 2021/22. At its meeting on 9 May 2022 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 2023, 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 and for the careful presentation of documents for the audit.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

26 May 2023