

## **Report to Great Bricett Parish Council**

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

#### **1. Introduction and Summary.**

1.1 The Internal Audit work undertaken confirmed that during the 2022/23 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 2022/23 accounts and supporting documentation it was confirmed that the Clerk, in the role of 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 confirm the following:

*Total Receipts for the year: £26,496.00*  
*Total Payments in the year: £17,071.33*  
*Total Reserves at year-end: £47,367.23*

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 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £37,943</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £10,500</i>
<i>Total Other Receipts:</i>	<i>Box 3: £15,996</i>
<i>Staff Costs:</i>	<i>Box 4: £4,807</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £12,264</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £47,368</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £47,368</i>
<i>Total fixed assets:</i>	<i>Box 9: £154,349</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 2022/23 within the AGAR.

1.6 All documents were very well presented for the Internal Audit.

1.7 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 The Annual Parish Council meeting took place on 10 May 2022. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and were considered and adopted by the Council at its meeting on 14 March 2023. The National Association of Local Councils (NALC) has published amendments at Section 18 of the model Standing Orders to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment can be included at the Council's next review of Standing Orders.

2.3 Financial Regulations are in place and were also considered and adopted at the meeting on 14 March 2023. NALC has advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to the footnote to item 11.1 (c) can be included at the Council's next review of Financial Regulations.

2.4 The Council continued to apply the General Power of Competence (GPOC). At its meeting on 16 May 2019 the Council declared that it was an eligible Council to use the GPOC, having at least two-thirds elected Councillors and a suitably qualified Clerk and adoption of the Power was agreed (Minute GB13/19/20 refers).

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

2.6 The Council has a Responsible Financial Officer (RFO) in place. Mrs Jennie Blackburn was appointed as Clerk and RFO at the meeting held on 17 April 2018 (Minute GB06/18/19 refers).

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 (Registration ZA048090, expiring 29 May 2023). The Council has adopted a Data Protection and Information Safety Policy to assist in meeting the requirements of the General Data Protection Regulations (GDPR).

2.8 At the meeting on 10 May 2022 the Council received the new Local Government Association (LGA) Model Councillor Code of Conduct. The Council agreed to adopt the Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code is published on the Council's website.

2.9 The Council demonstrates good practice by adopting and maintaining a range of formal Policies, Procedures and Protocols including a Communications Policy, Complaints Procedure, Equal Opportunities Policy, Training Policy, Reporting at Meetings Protocol and a Social Media and Blogging Procedure. On 8 March 2022 the

Council reviewed and approved a Publication Scheme to assist compliance with Freedom of Information legislation. The documents have been published on the Council's webpage: <https://greatbricett.suffolk.cloud/parish-council/policies/>

2.10 The Council demonstrates good practice by publishing a Website Accessibility Statement in accordance with the website accessibility regulations. The Statement includes technical information about this website's 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 Spreadsheet was found to be in good order and well presented. The Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of transactions was closely examined and was found to be in order with supporting invoices/vouchers in place.

3.2 VAT payments are tracked and identified within the Cashbook Spreadsheets to assist re-claims to HMRC. The re-claim for £1,022.58 VAT paid in the year 2021/22 was submitted to HMRC on 6 April 2022, received at bank on 4 May 2023 and reported to Council on 12 July 2022. Similarly, the re-claim for £811.55 VAT paid in the year 2022/23 was submitted to HMRC on 20 April 2023.

3.3 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2023 has been prepared by the Clerk/RFO. The Report displays the balance of £22,190.22 brought forward from previous years, the CIL Receipts of £13,896.67 in the year and CIL Payments of £2,521.02 on the Red Telephone Box Project (£1,525.99) and the Community Woodland Project (£995.03). A balance of £33,565.87 was retained at the end of the year as a Restricted Reserve.

3.4 A Statement of Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) has been prepared by the Clerk/RFO for submission to the External Auditors and publication on the Council's website.

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

4.1 Bank Reconciliations are regularly presented to Council and noted in the Minutes. The Council demonstrates good financial practice by receiving and verifying a completed bank reconciliation at meetings of the Council.

4.2 The bank statements dated 31 March 2023 for the Barclays Community (Current) Account (£2,449.89), the Active Saver Account (£11,279.74) and the Business Premium Account (CIL Funds) (£33,637.60) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation.

**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 and were in good order. Sample audit trails were undertaken and were found 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 Internal Control Measures and Risk Management Arrangements were reviewed and approved by the Council at its meeting on 14 March 2023 (Minute GB134/22/23a refers). The documents provide detailed analysis of the financial and other risks faced by the Council and the control measures in place to mitigate the risks identified.

6.2 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.

6.3 Insurance was in place for the year of account. The insurance premium payment of £372.99 to Zurich Municipal Insurance for the forthcoming year was agreed by the Council on 27 September 2022. The Policy runs from 1 October 2022 to 30 September 2023. Employer's Liability cover stands at £10 and Public Liability cover stands at £12m. The Fidelity Guarantee cover stands at £250,000, 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.

6.4 The insurance renewal of £475.67 to CAS Insurance Ltd. for cover for the Village Hall was approved at the Council's meeting on 12 July 2022.

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

Precept 2022/23: £10,500 (11 January 2022, Minute GB115/21/22e)

Precept 2023/24: £10,815 (10 January 2023, Minute GB113/22/23)

7.1 The Draft Budget for 2022/23 was considered and approved by the Council on 9 November 2021 (Minute GB94/21/22d refers). The Final Budget and Precept were considered and approved by the Council at the meeting held on 11 January 2022. The precept decision and amount have been clearly Minuted.

7.2 The Draft Budget for 2023/24 was considered and agreed by the Council on 8 November 2022 (Minute GB88/22/23d refers). The Final Budget and Precept were approved by the Council at its meeting on 10 January 2023. The precept decision and amount have been clearly Minuted.

7.3 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council has sound budgetary procedures in place. The Clerk/RFO prepared detailed estimates of the annual budget and of receipts and payments for the year 2022/23.

7.4 Budget Monitoring Reports are presented by the Clerk/RFO to Council meetings as part of meeting the Council's budgetary control responsibilities. It is good financial control practice for Councillors to receive a Budget Monitoring report at least Quarterly in order for the Budget to be monitored on a regular basis.

7.5 As at the 31 March 2023 the Overall Reserves totalled £47,367.23, of which £33,565.87 is the Restricted Reserve of CIL Funds.

7.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2023 accordingly totalled £13,801.36 and are 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).

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

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

8.1 The Receipts in the year consisted of Precept (£10,500), CIL Receipts (£13,896.67), VAT Reclaim (£1,022.58), Printer Contributions and Miscellaneous (£988.20) and Bank Interest (£88.55).

8.2 Income recorded in the Cashbook was cross referenced with the Council's Bank Statements on a sample basis and found to be in order.

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

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

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

10.1 Payroll Services are currently being operated by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. Detailed pay slips are produced.

10.2 A Contract of Employment is in place for the Clerk/RFO. Following the Clerk/RFO's Appraisal on 17 January 2022 the Council agreed to increase the salary of the Clerk/RFO to SCP 22. As at 31 March 2023 the salary at SCP 22 was being paid for 26 hours per month.

10.3 An Office Allowance is payable to the Clerk/RFO. At its meeting on 4 May 2021 the Council agreed that the Office Allowance should be raised to £26 per month, the amount of allowance recommended by SALC, and this continued to be paid as at 31 March 2023.

10.4 With regard to the workplace pensions legislation, at the meeting on 11 January 2022 the Council agreed that it should join the Suffolk County Council Pension Scheme and make employer contributions in respect of the Clerk/RFO's future pension entitlement (Minute GB127/21/22 refers).

10.5 The Pensions Regulator has confirmed that the Council submitted on 13 May 2020 a re-declaration in compliance with the requirements of 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).

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

11.1 An Asset Register is in place and was reviewed and approved by the Council at its meeting on 10 May 2022. The total value of £154,349.16 as at 31 March 2023 is an increase of £187.98 over the valuation of £154,161.18 displayed in the AGAR at the end of the previous year, 31 March 2022.

11.2 The Register includes a reconciliation constructed by the Clerk/RFO displaying the items acquired in the year viz. Queen's Platinum Jubilee Plaque (£78), Hose (£69.99) and Water Butt (£39.99).

11.3 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The assets are recorded at purchase cost (where known) or a proxy value or nominal/community value in appropriate cases.

**12. 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*).**

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions. The Council receives details of the financial position of the Council, including listings of receipts and payments, the balance in the accounts and bank reconciliation.

12.2. Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework.

12.3 Payments are being made through electronic means/internet banking. The Clerk/RFO is the Service Administrator who initiates payments and is one of the two signatories that Barclays Bank require.

12.4 The Internal Audit Report for the previous year, 2021/22 was received and noted by the Council at its meeting on 14 June 2022 (Minute GB039/22/23c refers).

12.5 The Internal Auditor for the 2022/23 year was appointed by the Council at the meeting held on 14 March 2023 (Minute GB133/22/23e refers).

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

13.1 The External Audit Report and Certificate for the year 2021/22 was completed by PKF Littlejohn LLP on 8 September 2022. The Report was received and noted by the Council at its meeting on 27 September 2022 (Minute GB72/22/23g refers).

13.2 The External Auditors raised no matters of significant concern but noted that the Council had '*failed to make proper provision in the year 2022/23 for the exercise of public rights since the approval date was after the start of the period for the exercise of public rights. As a result, the authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2022/23 and ensure that it makes proper provision for the exercise of public rights during 2023/24*'.

13.3 At the meeting on 14 March 2023 the Clerk/RFO reported that due to the receipt of Community Infrastructure Levy (CIL) monies, the Council would exceed the £25,000 threshold in the year 2022/23 and an External Audit would be required (Minute GB133/22/23f refers).

### **14. Publication Requirements.**

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website by 1 July:

*Notice of the period for the Exercise of Public Rights*  
AGAR - Sections 1 and 2.

14.2 The AGAR Sections 1 and 2 had been published on the Council's website.

14.3 The 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' document for the year 2021/22 had also been published but appeared to be an over-write of the 2020/21 form as it related to a council that had certified itself exempt from an External Audit Review (for the year 2021/22 the Council was subject to an External Audit Review).

14.4 The items below are required to be published by 30 September each year:

*Notice of Conclusion of Audit*  
AGAR - Section 3

*AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).*

14.6 The Internal Auditor was able to confirm that the documents relating to the year 2021/22 were readily accessible on the Council's website:

<https://greatbricett.suffolk.cloud/parish-council/finance/>

**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 and for the careful presentation of the documents for the audit.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**24 April 2023**