

Report to Great Bricett 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 (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: £40,542.45

Total Payments in the year: £17,131.47

Total Reserves at year-end: £37,942.56

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 2021/22 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £14,532</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £10,481</i>
<i>Total Other Receipts:</i>	<i>Box 3: £30,061</i>
<i>Staff Costs:</i>	<i>Box 4: £4,097</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £13,034</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £37,943</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £37,943</i>
<i>Total fixed assets:</i>	<i>Box 9: £154,161</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 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 4 May 2021. The first item of business was the Election of a Chair, as required by the Local Government Act 1972. The meeting was held online via Zoom Video Conferencing 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 Standing Orders and Financial Regulations are in place. The Council reviewed, approved and adopted both Standing Orders and Financial Regulations at the meeting on 8 March 2022 (Minute GB136/21/22b refers). The documents are in line with the latest model Standing Orders and Financial Regulations and guidance published by the National Association of Local Councils (NALC).

2.3 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).

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

2.5 Mrs Jennie Blackburn was appointed as Clerk and Responsible Financial Officer (RFO) by the Council at the meeting held on 17 April 2018 (Minute GB06/18/19 refers).

2.6 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 2022). The Council has adopted a Data Protection and Information Safety Policy to assist in meeting the requirements of the General Data Protection Regulations (GDPR).

2.7 At its meeting on 27 March 2018 the Council re-adopted the Suffolk Local Code of Conduct for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. A copy of the Code is published on the Council's website.

2.8 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 also reviewed and approved a Publication Scheme to assist compliance with Freedom of Information legislation. All these documents are published on the Council's website.

2.9 The webpages that refer to the out-of-date Freedom of Information Publication Policy and the Freedom of Information Associated Charges and associated costs can now be deleted from the website.

2.10 In meeting its responsibilities under the Website Accessibility Regulations, the Council has published a Website Accessibility 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 and 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 payment made under the Local Government Act 1972 (Section 137) has been separately recorded in the year. VAT payments are tracked and identified within the Cashbook Spreadsheets to assist re-claims to HMRC.

3.2 The re-claim for £1,845.17 VAT paid in the year 2020/21 was received at bank on 19 May 2021. Similarly, the re-claim for £1,022.58 VAT paid in the year 2021/22 was submitted to HMRC on 6 April 2022.

3.3 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.

3.4 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2022 has been prepared by the Clerk/RFO. The Report displays the balance of £0 brought forward from previous years, the CIL Receipts of £23,790.22 in the year, the use of £1,600 on the Installation of Pond at the Community Woodland. A balance of £22,190.22 was retained at the end of the year as a Restricted Reserve.

3.5 A Statement 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 Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).

4.1 The Council's Internal Control Measures and Risk Management Arrangements were reviewed and approved by the Council at its meeting on 8 March 2022 (Minute

GB136/21/22a 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.

4.2 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.

4.3 Insurance was in place for the year of account. The insurance premium payment of £370.20 to Zurich Municipal Insurance for the forthcoming year was agreed by the Council on 9 November 2021. The Policy runs from 1 October 2021 to 30 September 2022. 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.

4.4 The insurance renewal of £447.06 to CAS Insurance Ltd. for cover for the Village Hall was approved at the Council's meeting on 4 May 2021.

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

Precept 2012/22: £10,481 (12 January 2021, Minute, Minute GB059/20/21e)

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

5.1 The Draft Budget for 2021/22 was considered and agreed by the Council on 10 November 2020 (Minute GB036/20/21d refers). The Final Budget and Precept were approved by the Council at its meeting on 12 January 2021.

5.2 Similarly, 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.

5.3 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 2021/22.

5.4 Budget Monitoring Reports are presented by the Clerk/RFO to some 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 every Parish Council meeting in order for the Budget to be monitored on a regular basis.

5.5 As at the 31 March 2022 the Overall Reserves totalled £37,942.56, of which £22,190.51 is the Restricted Reserve of CIL Funds.

5.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2022 accordingly totalled £15,752.05 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 5.32 refers).

5.7 As at the 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 The Receipts in the year consisted of Precept (£10,481.00), MSDC Council Tax Support Grant (£93), Locality Grant for Pond (£2,000), CIL Receipts (£23,790.22), Tree Donations (£1,530), VAT Reclaim (£1,845.17), Printer Contributions and Miscellaneous (£800.68) and Bank Interest (£2.38).

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

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.

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

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

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

8.2 Smaller Councils should publish on their website:

- a) All items of expenditure above £100. Published on website.
- 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.

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

8.4 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)' 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 and the Details of the person making the announcement.

8.5 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 at the date of the audit as being 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 The Council is registered with HMRC and during part of the 2021/22 year Payroll Services were operated in-house in accordance with HMRC requirements. At its meeting on 9 November 2021, the Council agreed that the Suffolk Association of Local Councils should operate Payroll Services on behalf of the Council (Minute GB94/21/22a refers).

9.2 At its meeting on 26 March 2019 the Council considered the grading of the Clerk/RFO's post with reference to the national pay scales. It was noted that the Clerk had passed her Certificate in Local Council Administration (CiLCA) and it was agreed that the post be confirmed at SCP 25 (SCP 17 under revised salary scales) (Minute GB146/18/19 refers).

9.3 Following the Clerk/RFO's Appraisal on 17 January 2022 the Council agreed to increase the salary of the Clerk/RFO to SCP 22.

9.4 An Office Allowance is payable to the Clerk/RFO. The Council noted at its meeting on 4 May 2021 that the amount of office allowance recommended by SALC to be paid to a Clerk/RFO had been increased in April 2020 to £26 per month. The Council agreed that the Office Allowance should be raised to £26 per month, back dated to April 2020 (Minute GB19/21/22 a refers).

9.5 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).

9.6 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).

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 total value of £154,161.18 displayed as at 31 March 2022 is a net reduction of £201.95 in the valuation of £154,363.13 at the end of the previous year, 31 March 2021.

10.2 The Register includes a reconciliation constructed by the Clerk/RFO displaying the items listed acquired in the year viz. a Lockable Cupboard (£55.20), Printer (£91.85), Dog Bin (£150) and Community Woodland (brought into the Register at a nominal/community valuation of £1) and the disposal of a Bench in the year (£500).

10.3 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.

10.4 The Council maintains an Asset of Community Value List, on which the Red Lion Public House was added by the Council at a meeting on 17 December 2020.

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

11.1 Bank Reconciliations are presented to Council and noted in the Minutes. The Council demonstrates good financial control practice to receive and verify a completed bank reconciliation at each meeting of the Council.

11.2 The bank statements dated 31 March 2022 for the Barclays Community (Current) Account (£6,039.42), the Active Saver Account (£9,712.63) and the Business Premium Account (CIL Funds) (£22,190.51) 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. 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.

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

13.3 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. The Council recognised that this procedure was not in line with the Council's Financial Regulations (which required authorisation by two parish councillors before payment is released) and at its meeting on 9 March 2021 the Council agreed to temporarily amend Financial Regulations to reflect the payment authorisation procedure until such time as the bank accounts could be changed (Minute GB087/20/21 refers).

13.4 The Internal Audit Report for the previous year, 2021/22 was received and noted by the Council at its meeting on 22 June 2021 (Minute GB038/21/22d refers).

13.5 The Internal Auditor for the 2021/22 year was appointed by the Council at the meeting held on 8 March 2022 (Minute GB135/21/22e 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 22 June 2021 the Council approved and agreed the Certificate of Exemption from a Limited Assurance Review and was signed by the Chair and the Clerk/RFO (Minute GB038/21/22c refers).

14.2 At the meeting on 8 March 2022 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 2021/22 and an External Audit would be required (Minute GB135/21/22f refers).

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. I would particularly like to commend the Clerk/RFO for presenting the Council's documents for audit in a careful and orderly manner.



Trevor Brown, CPFA

Internal Auditor

24 May 2022