

Report to Three Saints South Elmham Parish Council

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

1. Introduction and Summary.

1.1 The essential information required for the completion of the Internal Audit was e-mailed by Mrs Sally Chapman, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were completed accordingly. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in the reports in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.2 The Internal Audit work undertaken confirmed that during the 2021/22 year the Council continued to maintain effective governance arrangements including a robust and effective 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. The Council displays many examples of good financial practice.

1.3 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.

1.4 The Accounts for the year confirm the following:

<i>Total Receipts in the year:</i>	<i>£3,048.06</i>
<i>Total Payments in the year:</i>	<i>£2,831.56</i>
<i>Total Balances at year-end:</i>	<i>£6,955.26</i>

1.5 The following figures were agreed with the Clerk/RFO for inclusion in the AGAR 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: £6,739</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £3,000</i>
<i>Total Other Receipts:</i>	<i>Box 3: £48</i>
<i>Staff Costs:</i>	<i>Box 4: £1,794</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £1,038</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £6,955</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £6,955</i>
<i>Total fixed assets:</i>	<i>Box 9: £11,260</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.6 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.

1.7 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 5 May 2021. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972. The meeting was held virtually via Zoom 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 are in place and were reviewed and re-adopted by the Council at its meeting on 9 March 2022 (Minute 7i refers). The Standing Orders are in accordance with the latest model template published by the National Association of Local Councils (NALC).

2.3 Financial Regulations are in place. The Regulations were reviewed by the Council at the meeting held on 9 March 2022 (Minute 7c refers). The Regulations are in accordance with the latest model template published by NALC.

2.4 The Council's Minutes are well presented, sequentially numbered and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed to the Internal Auditor that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.5 A Scheme of Delegation is in place and was reviewed and adopted by the Council at its meeting on 9 March 2022 (Minute 7h refers). A copy of the Scheme has been published on the Council's website.

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 under Data Protection legislation (Registration ZA362897, expiring 21 May 2022, refers).

2.7 The General Data Protection Regulations (GDPR) Policy and the Freedom of Information Publication Scheme Policy were reviewed and re-adopted by the Council at its meeting on 9 March 2022 (Minutes 7d and 7f refer). A copy of the Policies has been published on the Council's website.

2.8 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 Councillor. The Council considered and re-adopted the Suffolk Local Code of Conduct at the meeting held on 9 March 2022 (Minute 7b refers). A copy of the Code has been published on the Council's website.

2.9 A Website Accessibility Statement has been published on the Council's website to assist with compliance with the Website Accessibility Regulations.

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. Local Government Act 1972 (Section 137) payments and VAT payments are tracked and identified within the Cashbook. The Council considered Grants and Donations at its meeting on 9 March 2022 and agreed to grant East Anglia Air Ambulance £100 and the Community News Parish Magazine £50 (Minute 5c refers).

3.2 The Cashbook Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk. In view of the Internal Audit for 2021/22 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2021/22 transactions can be undertaken at the next scheduled audit. The Clerk/RFO confirmed to the Internal Auditor that all payments made in 2021/22 were supported by invoices/vouchers.

3.3 Relatively small amounts of VAT are normally paid in a year. The re-claim to HMRC of £20.54 paid during the year 2020/21 is recorded as received on 7 April 2021 and was reported to Council at its meeting on 5 May 2021 (Minute 7e refers).

3.4 The Clerk/RFO has constructed a Community Infrastructure Levy (CIL) Report for 2021/22 which displays the amount of £291.76 brought forward from previous years with nil CIL Receipts and nil CIL amounts applied in the year 2021/22 with a balance of £291.76 carried forward as at 31 March 2022. The Annual Report has to be published and submitted to the District Council no later than 31 December 2022.

3.5 The Council noted at its meeting on 10 March 2021 that East Suffolk Council (ESC) had informed the Clerk/RFO that the CIL funds had expired and ESC would be claiming back the balance of £291.76 which had been reserved by the Parish Council for a defibrillator (Minute 5b refers). The Clerk/RFO confirmed to the Internal Auditor that ESC had not yet issued a repayment notice and accordingly the CIL balance remained in the Parish Council's Accounts as at 31 March 2022.

3.6 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 Statement (including internal control arrangements and Internal Audit procedures) was reviewed and re-adopted by the Council at the meeting on 9 March 2022 (Minute 7e refers).

4.2 The Council's Risk Assessment and Risk Management documentation was also reviewed and re-adopted by the Council at its meeting on 9 March 2022 (Minute 7g refers). The document provides an analysis of both financial and non-financial risks faced by the Council and the control measures in place to mitigate the risks identified.

4.3 The Council accordingly complied with 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 management of risk, with the review suitably Minuted.

4.4 Insurance was in place for the year of account. At its meeting on 15 September 2021 the Council approved the renewal payment of £234.08 to Community Action Suffolk Insurance, being the final year of a 3-year long-term agreement (Minute 5a refers). The Employer's Liability cover and Public Liability cover each stand at £10m. The Fidelity Insurance (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. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).

Precept 2021/22: £3,000 (Meeting on 11 November 2020, Minute 6c refers).

Precept 2022/23: £3,300 (Meeting on 10 November 2021, Minute 5b refers).

5.1 The Budget for the year 2021/22 and a Precept of £3,000 were considered and agreed by the Council at its meeting on 11 November 2020. Budget papers were prepared to ensure that Councillors have sufficient information to make informed decisions.

5.2 Similarly, the Budget for the year 2022/23 and a Precept of £3,300 were considered and agreed by the Council at its meeting on 10 November 2021.

5.3 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.

5.4 The estimates for 2021/22 were used effectively for financial control and budgetary control purposes with detailed budgetary position statements (budget reports) being presented to meetings of the Council.

5.5 The Clerk ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

5.6 At its meeting on 10 November 2021 the Council considered its Earmarked/Restricted Reserves and resolved to close the Defibrillator Restricted Reserve and transfer the funds of £157.20 to the Election Restricted Reserve (Minute 5a refers). Similarly, on 9 March 2022 the Council considered the Reserves and resolved to transfer from the General Reserve the amounts of £200 to the General

Maintenance Reserve and £100 to the Grants Reserve.

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. The Overall Reserves at the year-end totalled £6,955.26, of which £5,401.21 has been earmarked as follows:

- (a) CIL Fund (291.76)
- (b) Transparency Grant - Clerk's computer equipment (£466.65)
- (c) Common Maintenance (£2,700)
- (d) General Maintenance (£200)
- (e) Election (£1,102.80)
- (f) Strimmer (£500)
- (g) Grants (£140)

5.8 The General Reserve of £1,554.05 (Overall Reserves less Earmarked/Restricted Reserves) held at 31 March 2022 is in line with the generally accepted position that non-earmarked revenue reserves held should usually be between three and twelve months of gross expenditure or 50% of the precept.

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

6.1 Receipts recorded in the Cashbook consisted of the Precept (£3,000.00), Council Tax Support Grant from ESC (£27), VAT re-claim (£20.54) and Bank Interest on the Business Savings Account (£0.52).

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, with cheques being made out for expenses incurred.

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

8.1 Under the provisions of the Transparency Code, Three Saints South Elmham Parish Council can be designated as a 'Smaller Council'.

8.2 The Council's website is: <http://threesaintssouthelmham.onesuffolk.net/>

8.3 Smaller Councils should publish on their website:

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

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

8.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 requires 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, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

8.6 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.

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 registered with HMRC and the payroll is operated in accordance with HMRC requirements. A Contract of Employment for the Clerk/RFO is in place. A copy of the End of Year Certificate P60 for 2021/22 was presented to Internal Audit.

9.2 With regard to the legislation relating to workplace pensions, the Clerk/RFO has submitted a re-declaration of compliance to the Pensions Regulator in accordance with the requirements of the Pensions Act 2008. The next re-declaration of compliance is due no later than 26 March 2024 (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 re-adopted by the Council at its meeting on 9 March 2022 (Minute 7a refers).

10.2 The Asset Register as at 31 March 2022 displays a value of £11,260, unchanged from the value at the end of the previous financial year, 31 March 2021.

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 value as at 31 March 2022 has been correctly placed in Box 9 of Section 2 of the AGAR.

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

11.1 The Barclays Community Current Account (dated 31 March 2022) and the Business Savings Account bank statements (dated 29 March 2022) reconciled with the end of year accounts and agreed with the overall Bank Reconciliation.

11.2 As the Savings Account bank statements used in the Bank Reconciliation are dated 29 March 2022, the Council will need to confirm whether any transactions passed through the bank accounts during the period 30 March 2022 to 31 March 2022 which will require the accounts and the bank reconciliation to be amended in any way.

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 provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

13.2 A schedule of proposed payments and income received is presented to each Council meeting and listed in the Minutes as part of the Council's overall financial control framework.

13.3 In addition, the Clerk/RFO confirmed that:

- (a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment,
- (b) invoices/vouchers for payment are signed or initialled by the nominated signatories in confirmation of the payment being correctly made and
- (c) Cheque Book counterfoils are initialled by Cheque Signatories, all as a matter of routine in accordance to the requirements of the Council's Financial Regulations 6.4 and 6.5. These areas were not examined due to the Internal Audit being conducted remotely/electronically but can be test-checked at the next scheduled audit.

13.4 The Internal Audit Report for the year 2020/21 was reported to Council at its meeting on 5 May 2021 (Minute 7b refers). No matters of concern were raised in the Report.

13.5 The Internal Auditor for the 2021/22 year was formally appointed by the Council at its meeting on 5 May 2021 (Minute 7d 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 5 May 2021 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 7c refers).

14.2 For the year 2021/22 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk/RFO for her assistance during the course of the audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

18 April 2022