

Internal Audit Report for Great Glemham Parish Council for the period ending 31 March 2024

Clerk	Suzie Grogan
RFO (if different)	-
Chairperson	Argus Hardy
Precept	£ 6,345.00
Income	£21,891.91
Expenditure	£18,170.67
General reserves	£17,717.03 * <i>see comments below</i>
Earmarked reserves	£24,266.72 * <i>see comments below</i>
Audit type	Annual
Auditor name	Victoria Waples

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- the integrity and reliability of information, accounts, and data

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2022/23 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

Section 1 – proper bookkeeping		
The internal auditor will look at the methods and processes used to manage the council’s accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
Evidence		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The council uses an excel spreadsheet to produce reports on a Receipts and Payments basis. The Responsible Financial Officer (RFO) has ensured that the cashbook is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cashbook is reconciled on a monthly basis. Council follows Proper Practices in ensuring that its accounting procedure gives an accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance and the Responsible Financial Officer (RFO) has ensured that there are clear financial management reports submitted to the council on a regular basis.
<i>Is the arithmetic correct?</i>	Yes	A number of spot checks were conducted, and the functionality of the cashbook was found to be in order. <i>Comment: The RFO has shown best practise by ensuring, for further transparency and scrutiny, that all payments and receipts are referenced with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</i>
<p>Additional comments: <i>the cashbook and minutes make reference to the powers used to incur expenditure; however all expenditure has been limited to the use of LGA 1972 s111 or s112. Council should note that statutory powers, are granted by Parliament give local councils the choice or opportunity to take action and are therefore discretionary. Like all powers given to public bodies the powers of local councils are defined in detail in legislation and these details may include a requirement to obtain the consent of another body. Local Councils must exercise their powers subject to the provisions of the general law. The use of s111 is an ancillary power only and council should note that the powers of an existing statute must be used if there are any.</i></p> <p>Recommendation: it is the responsibility of Councillors to satisfy themselves that they have the appropriate legal power to incur expense and as such they should review the exact power being used to ensure that all financial decisions or payments being made are in accordance with statute and the Council is not undertaking any decisions or payments that are ultra vires.</p>		

By way of an example: expenditure incurred for the coronation event should be either LGA 1972 s144 or 145; for traffic calming measures it should be Highways Act 1980 s274A; for defibrillators and life-saving equipment it should be Public Health Act 1936 s234; for websites it should be LGA 1972 s142 and for the fee for ICO it should be Freedom of Information Act 2000.

Section 2 – Financial Regulation and Standing Orders		
The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC’S latest model which include legislative changes.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Standing Orders, as seen on the Parish Council's website, were last reviewed at the meeting of 8 th September 2021. Council’s Orders, are based on the latest model published by the National Association of Local Councils (2018) and contain the provisions of the Model Councillor Code of Conduct as adopted by the Council. The Standing Orders are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the Parish Council. <i>Comment: whilst council is aware of the requirement to ensure that the SOs are fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to, at the next annual review, council should ensure that Standing Order 18av and 18c are amended to reflect the changes to procurement thresholds as identified below.</i>
Are Financial Regulations up to date and reviewed annually?	Yes	Financial Regulations (FR), as seen on the Council’s website were last reviewed at the meeting of 8 th September 2021 and are based on the NALC Model Financial Regulations 2019 with provisions included as outlined under LTN 87 - Procurement – March 2022. <i>Comment: at the next annual review, Council might wish to also review the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21st December 2022 and make the changes to the contract value limits from £25,000 to £30,000 for non-central government authorities. The contract value limits are to be calculated inclusive of VAT (effective from 1st January 2022).</i>

Has the Council properly tailored the Financial Regulations?	Yes	The Council's Financial Regulations have been tailored to the Parish Council.
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. Council's Financial Regulation 1.7 confirms that the Clerk is so appointed.
Additional comments:		

<p>Section 3 – Payment controls The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.</p>		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	<p>A selection of random payments were cross checked against payment authorisation slips, cash book, bank statement and invoices and all were found to be recorded/ authorised in accordance with Proper Practices. A further spot check of items paid via the system from the Council's Accounts was also cross checked against cashbook, bank statements and invoices. All were found to be in order.</p> <p>A spot check of payments made under delegated powers were further analysed and with payments being made contrary to council's own FR (BUDGETARY CONTROL AND AUTHORITY TO SPEND). Council should note that FR 4.1 states that expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by the council for all items over</p>

¹ Section 151 Local Government Act 1972 (d)

		<p>£500 The clerk, in conjunction with the Chair has authority for any items below £500.</p> <p>Recommendation: council should ensure that payments made away from the meeting are made in accordance with FR 4.1. and that all payments above the limit set by the council are submitted to and approved by full council in accordance with Council’s Own Standing Orders and Financial Regulations.</p>
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet banking is operated in accordance with the Council’s own Financial Regulations and is used for the settlement of the Council’s expenditure. Confirmation was seen from council’s bankers that dual authorisation is in place and the mandate demonstrates that any two of the nominated signatories are able to sign.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is identified in the cash book with the year-end balance standing at £NIL. The claim for the period covering July 2021 to October 2023 in the sum of £1,015.46 was verified as having been settled in November 2023.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	The council has not confirmed eligibility criteria to enable it to exercise the GPOC.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	No	No payments were made under this power for the year under review.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	Council has no such loan.
Additional comments:		

Section 4 – Risk management

² Localism Act

³ Section 137 of the Local Government Act 1972 (“the 1972 Act”) enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £9.93 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Evidence		Internal auditor commentary
<p>The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.</p>		
<p><i>Is there evidence of risk assessment documentation?</i></p>	<p><i>Work required</i></p>	<p>Whilst council formally considered the risks associated with the functioning of a smaller authority and agreed the measures that the Council will undertake to mitigate such risks at its meeting of 121st March 2023, the assessment was carried out on the previous year. Such risks however are consistence with those that should be in place for the year ending 31st March 2024.</p> <p><i>Comment: for council to be able to demonstrate that, in accordance with Proper Practices, the risks are being annually reviewed, assessed and appropriate measures are in place to protect public money, an updated risk assessment should be submitted to and considered by the council in the year under review.</i></p>
<p><i>Is there evidence that risks are being identified and managed?</i></p>	<p>Yes</p>	<p>The minutes demonstrate that council is aware that risk assessment needs to focus on the safety of the parish council's assets and in particular its money. There is evidence that overall the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.</p>
<p><i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i></p>	<p><i>Work required</i></p>	<p>Council has insurance in place under a specialist policy for charity and community with Ansvar Insurance Company Limited which shows core cover for the following: Public liability: £10million; Public/Products Liability: £10million and Fidelity Guarantee of £20thousand.</p> <p><i>Comment: Council is advised to follow recommended guidance by ensuring that its Fidelity Cover is equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May. At £25thousand, council is operating below the recommended minimum to be held.</i></p> <p>Council should be aware that it is the responsibility of the council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance,</p>

		<p>and that annual reviews of the Council’s insurance were undertaken prior to renewal.</p> <p><i>Comment: evidence of such a review is best demonstrated by a minute reference indicating that council has reviewed the risks facing the Council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things).</i></p>
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	No	<p>Whilst internal controls are covered in the day to day running of the council, it is not evident that Council, in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, confirmed that the financial and management systems of the council were sound and adequate and internal control arrangements were efficient and effective to address the risks associated with the management of public finances.</p> <p>Recommendation: In accordance with the Accounts and Audit Regulations 2015, Regulation 6, Council should be aware that it should formally review the effectiveness of its system of internal control to ensure that it has mitigation measures in place to address the risks associated with the management of public finances.</p>
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	No	<p>There is no minute to confirm that the parish council formally reviewed the scope and effectiveness of its internal audit arrangements, nor is there a reference to the appointment of the internal auditor. It is however noted that a Statement of Internal Control was adopted for the year ending 31st March 2023 and Council is advised to adopt similar for the coming year.</p> <p>Recommendation: Council should demonstrate, via a minute reference, that it has complied with Regulation 5 of the Accounts and Audit Regulations 2015 and reviewed the terms of reference and effectiveness for internal audit, thereby demonstrating that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.</p>
Additional comments:		

⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

Section 5 – Budgetary controls		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
Evidence		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	<p>The budget for the year 2023-2024 was approved at the Council meeting of 6th December 2022 although there is no clear confirmation within the minutes as to the final budget figure being set. A review of the website provides further clarity that a revenue budget in the sum of £7,069 was set.</p> <p><i>Comment: to ensure transparency in the budgetary process followed by the Council might wish to evidence, by recording within the minutes, the actual budget being set alongside the reasoning for such a budget.</i></p> <p>The budget for the year 2024-2025 was approved at the council meeting of 27th February 2024 and whilst there is no detail as to the budget being set, the minutes demonstrate that council considered that there was to be no rise in the precept over that set for 2023-2024.</p>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	<p>The precept for the year 2023 – 2024 was set at £6,345 with the form showing an approval date of 20th January 2023 meeting of 19th January 2023 with the minutes showing that this represented a 4.31% (£3.44) increase on the council tax bill for a Band D dwelling over that set the previous year.</p> <p>The precept for the year 2024 – 2025 was discussed and approved at the meeting of 16th November 2023 and set at £9,100.</p> <p><i>Comment: it is advisable that the minutes should show the overall impact the precept set would have on the council tax bill for a property in Band D.</i></p>
<i>Regular reporting of expenditure and variances from budget</i>	Limited	<p>The minutes do not provide evidence that Council conducted reviews covering the budget for the current year with a review of income and expenditure against budget at appropriate intervals during the year.</p> <p>Recommendation: Council in accordance with its own standing order 17c should consider regular statements showing evidence of</p>

		comparisons between budgeted and actual income and expenditure to form the basis of approval for virements in accordance with Council's own Standing Orders.
<i>Reserves held – general and earmarked⁶</i>	Yes	<p>From a review of the paperwork submitted it would appear that the Council, as at year-end, had Earmarked Reserves totalling £24,226.42; Restricted funds of £9,300 with the balance being General Reserves of £8,417.03.</p> <p><i>Comment: Council should note guidance as issued by Proper Practices which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves held is in accordance with an adopted General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i></p> <p>Recommendation: Council is advised to adopt a General Reserves Policy, review the level of general and earmarked reserves held and provide a justification for the level at which it is currently operating.</p>
<p>Additional comments: <i>To demonstrate that council has followed good practise it should consider following the recommended key stages as to the budgetary process for the year: decide the form and level of detail of the budget; review the current year budget and spending; determine the cost of spending plans; assess levels of income; bring together spending and income plans; provide for contingencies and consider the need for reserves; approve the budget; confirm the precept or rates and special levies; and review progress against the budget regularly throughout the year.</i></p>		

<p>Section 6 – income controls The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.</p>	
Evidence	Internal auditor commentary

⁶ In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

<i>Is income properly recorded and promptly banked?</i>	Yes	Income is recorded in accordance with council's Financial Regulations. A sample of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with proper practices. The RFO has ensured that the accounting records contain all day-to-day entries of all sums of money received.
<i>Is income reported to full council?</i>	Yes	Income received is reported to full Council within the financial reports submitted to full Council. The Clerk keeps a running balance on the earmarked reserve from Solar funds and is able to track income and expenditure from this account on the maintained cashbook.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	Council received precept in the sum of £6,345 in April 2023 from the District Council for the period under review as reported to full council. Evidence was provided showing a full audit trail from precept being discussed and approved to being served on the Charging Authority to remittance advice showing the precept to be paid and receipt of same in the council's bank account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Yes	During the year under review, council received CIL receipts totalling £309.75. The RFO has created an earmarked reserve for retained CIL balances.
<i>Is CIL income reported to the council?</i>	Yes	CIL receipts received are reported to council within the financial reports submitted.
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	The draft CIL annual report for 2023/2024 shows that there is a retained balance of £3,449.42 which has been transferred into in an earmarked reserve specifically allocated, in accordance with the Regulations.
<i>Has an annual report been produced?</i>	Yes	The Annual CIL Statement is still to be presented to council for approval although a copy was submitted for internal audit review.
<i>Has it been published on the authority's website?</i>	No	The Annual CIL Statement for the year 2023 - 2024 has not yet been uploaded onto the council's website as it is still to be approved by council and signed by the chair.
Additional comments:		

Section 7 – petty cash

⁷ Community Infrastructure Levy Regulations 2010

The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	Council does not operate a petty cash system.
<i>If appropriate, is there an adequate control system in place?</i>	N/A	Council does not operate a petty cash system but there is a satisfactory expense system in place and all expenses claimed are approved by full council with supporting paperwork in place.
Additional comments:		

Section 8 – Payroll controls		
The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
Evidence		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	Yes	Council had 1 employee on its payroll at the period end of 31 st March 2024. Employment contracts were not reviewed during the internal audit but the Clerk to the Council has confirmed that all staff have a Contract of Employment in place.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are presented to full Council for approval and payment is made via internet banking in accordance with council's own Financial Regulations. Amendments to salary points, working hours, budgets and support for training are all approved by full council. <i>Comment: Council ensures that there are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.</i>
<i>Minimum wage paid?</i>	N/A	No employee is paid the national minimum wage.

<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>		The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines. Cross-checks were completed on a sample of payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the year under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	N/A	Whilst council is aware of its pension responsibilities, there is no pension in operation.
<i>Have pension re-declaration duties been carried out</i>	Yes	It is noted in the internal audit report for the previous year, that Council is aware of its pension responsibilities with a re-declaration being made on 17 October 2021. <i>Comment: Council should note that every 3 years, they should complete their re-enrolment duties, they will also need to submit a re-declaration of compliance to tell The Pension Regulator what it has done at re-enrolment</i>
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	There is a satisfactory expense system in place and all expenses claimed are approved by full council with supporting paperwork in place and reimbursed in accordance with Council's Financial Regulations.
Additional comments: <i>from a review of the AGAR it would appear that Box 4 of the Accounting Statements has been understated. Staff costs, from a review of the cashbook should be stated at £3,351 (£3,351.34) and not £3,012. Although any corrections to be undertaken make no difference to the overall carry forward figures, Box 4 should contain the following elements only: gross salary of employees, employer's national insurance contributions and employers' pension contributions. The RFO is recommended to adjust Box 4 to read £3,351 with corresponding adjustment to Box 6 to read £14,820.</i>		

Section 9 – Asset control
 The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in

⁸ The Pension Regulator – [website click here](#)

<p>practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.</p>		
Evidence		Internal auditor commentary
<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?</i> ⁹	Yes	The Asset Register was reviewed during the Internal Audit Visit for year-end and reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. <i>Comment: Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2023 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied.</i>
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	The Register includes a cost valuation against each asset, the date each asset was acquired (as near as possible) and the location of the asset. This assists the Council to compare the assets to the insurance policy and confirm that the insurance cover is appropriate. The value of the register as reviewed is £17,555 which shows movement in the year to reflect the purchase of a Speed Indicator Device.
<i>Are records of deeds, articles, land registry title number available?</i>	Not covered	Records of deeds, articles, land registry title number were not reviewed during the internal audit which was conducted via remote means.
<i>Are copies of licences or leases available for assets sited at third party property?</i>	Not required	Council has ensured that any assets located on third party property remain under the remit of the council for insurance and responsibility.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	Whilst the asset register is still to be signed off by the council, it should be noted that the declared values submitted on the Draft Annual Governance and Accountability Return for Internal Audit show an asset value of £17,555.
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under all risks cover for its assets as specified under generic headings on the insurance schedule.
<p>Additional comments: Councils should be mindful of the guidance in Governance and Accountability for Smaller Authorities for England (March 2024) regarding valuation of assets and ensured that where the acquisition value of the asset at the time of first recording is used, that method</p>		

⁹ Practitioners Guide

of valuation has been consistently applied and if/where amended it will need to publish and provide explanations in changes in value to any previously recorded assets.

Section 10 – bank reconciliation		
The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.		
Evidence	Internal auditor commentary	
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	Evidence was seen showing that bank reconciliations were completed during the year and reconcile with the cash sheets. Overall there is reporting of bank balances within the financial reports submitted at each relevant meeting. <i>Comment: Council is aware that, in accordance with Proper Practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows which aids decision-making, particularly when there are competing priorities.</i>
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with period end statements and, as at year end (31 st March 2024) the balance in the councils account stood at £41,983.75 as recorded in the draft Statement of Accounts and on the year-end bank reconciliation. Evidence was seen of the year end account balance which reconciled to the year-end accounts.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Balances across the Council’s accounts are reported at each meeting of full Council. The minutes of Full Council meetings, demonstrate that a review of the bank reconciliation versus the bank statements has been undertaken. This is not only good practice but is also a safeguard for the RFO and fulfils one of the authority’s internal control objectives

Section 11 – year end procedures	
Evidence	<i>Internal auditor commentary</i>

<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and expenditure/ basis, and all found to be in order.
<i>Financial trail from records to presented accounts</i>	Yes	The end of year accounts were presented for the internal auditor review and there is a clear financial trail from records to presented accounts. Year-end balances agree with cash book and bank reconciliations.
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	As Council is a smaller authority with gross income and expenditure not exceeding £25,000 it will be required to complete the Annual Governance and Accountability Return (AGAR) Form 2. The Certificate of Exemption and Accounting Statements were completed but unsigned at the time of internal audit review. Recommendation: as identified above, Box 4 of the Accounting Statements for the year 2023-2024 should read £3,351 and Box 6 should read £14,820.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	Yes	The Parish Council did not have gross income and expenditure exceeding £25,000 and was able to declare itself exempt from a limited assurance review for the year 2022-2023. The minutes of 16 th May 2023 demonstrate that Sections 1 and 2 and the Certificate of Exemption were considered, and permission was given for the Chair and Clerk to sign the documents. <i>Comment: Council has ensured that there is formal evidence of the legal decision taken to claim exemption under section 9 of the Local Audit (Smaller Authorities) Regulation 2015.</i>
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	Yes	Council has demonstrated that during the year under review, it ensured that the period for the exercise of elector's rights during Summer 2023 was in accordance with the period specified within the Accounts and Audit Regulations 2015. The dates set were 3 rd July to 11 th August 2023 with the Notice being dated 5 th June 2023 as seen on the council's website. <i>Comment: within the Annual Internal Audit Report, internal control objective test M requires the internal auditor to establish whether the parish council correctly provided for the exercise and published a copy of the required "Public Notice" by ensuring that it clearly identified the statutory 30 working day period when the Authority's records are available for public inspection. This is evidenced by the notice on the website which contains the period for the exercise of public right; details of the manner in which the documents</i>

¹⁰ Annual Governance & Accountability Return (AGAR)

		<p><i>can be inspected; the name and address of the external auditor and the provisions as contained under section 25 and section 27 of the Act.</i></p> <p>Recommendation: Council should ensure that the correct form detailing the period for the exercise of public rights is uploaded to the council run website.</p>
<p><i>Have the publication requirements been met in accordance with the Regulations?¹¹</i></p>	<p>No</p>	<p>The Council has not complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 for the year ending 31st March 2023 as it has not published the following on a public website:</p> <ul style="list-style-type: none"> Certificate of Exemption Annual Internal Audit Report Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Notice of the period for the exercise of public rights Analysis of variances Bank reconciliation – year-end <p>Recommendation: Council should take steps to ensure that it complies with the publication requirements and timescales as detailed under the Accounts and Audit Regulations 2015 for the year ending 31st March 2024.</p>
<p>Additional comments:</p>		
<p>Section 12 – internal audit The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.</p>		
<p>Evidence</p>		<p><i>Internal auditor commentary</i></p>
<p><i>Has the Council considered the previous internal audit report?</i></p>	<p>Partially</p>	<p>The Internal Audit Report for the period ending 31st March 2023 was formally considered by and approved for adoption at the meeting of full Council of 12th September 2023.</p>

¹¹ Accounts and Audit Regulations 2015

		<p>There is no minutes to recognise the fact that recommendations were made for the year under review and that an action plan should have been produced to detail how the council planned to address the weaknesses identified.</p> <p>Recommendation: in accordance with guidance, an action plan should be produced setting out the areas of improvement or development as identified within the narrative internal audit report. Any proposed remedial actions should be identified within the plan along with the members or officers responsible for delivering improvement and the deadlines for the completion of the action. Council should understand that, having received a narrative internal audit report, it should minute its review of the work conducted and agree actions planned from the outcomes identified.</p>
<p><i>Has appropriate action been taken regarding the recommendations raised?</i></p>	<p>No</p>	<p>Council needs to take action to address further comments that were raised within the internal audit report for the year ending 31st March 2023.</p> <p>The following recommendations were raised: those in bold require further consideration:</p> <ul style="list-style-type: none"> • to provide a full audit trail there should be evidence that Councillors have seen the actual invoice/request for payments such evidence should be by way of initials on the invoice submitted for payment; • ensure a review of annual play inspection report; • provide evidence of annual review of insurance; • amend SO 17c to reflect the periods actual to budget is undertaken; • review of general reserves held; • review of payslips prior to payment; • retention of audit documents for a period of three years; • publication of the notice for the period of exercise of public rights.
<p><i>Has the Council confirmed the appointment of an internal auditor?</i></p>	<p>No</p>	<p>The appointment of the person to act as the parish council's independent internal auditor for the year 2023-2024 has not been minuted during the year under review.</p> <p><i>Comment: Council should understand the requirement to ensure that there is an appointed person to provide assurance that the financial and</i></p>

		<i>management systems of the council are sound and adequate and internal control arrangements are efficient and effective and that such an appointment is approved by council.</i>
Additional comments:		

Section 13 – external audit for the period under review		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?¹²</i>	N/A	The Parish Council did not have gross income and expenditure exceeding £25,000 and was able to declare itself exempt from a limited assurance review for the year 2022-2023.
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	
Additional comments:		

Section 14 – additional information		
The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
Evidence		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?¹³</i>	Yes	Council held its Annual Meeting of the Parish Council at which the Chair was elected on 16 th May 2023 in accordance with legislation in place at that time.

¹² Regulation 20 Accounts and Audit Regulations 2015 – *following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.*

¹³ The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

<p><i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴</p>	<p>Yes</p>	<p>Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes. <i>Comment: Council has ensured that, in accordance with legislation, loose leaf minutes should be numbered consecutively and signed by the Chair of the meeting on each page.</i></p>
<p><i>Is there a list of members' interests held?</i></p>	<p>Yes</p>	<p>Evidence was seen on the District Authority's website the Register of Interests for all current Parish Councillors with a direct link from the Council's own website.</p>
<p><i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i></p>	<p>N/A</p>	<p>Council does not have any Trustee Responsibilities.</p>
<p><i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i></p>	<p>No</p>	<p>To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), Council should be aware that the following should be published on a public website for the year 2023-2024 not later than 1 July:</p> <ul style="list-style-type: none"> Internal Audit Report List of Councillors and Responsibilities Items of Expenditure Above £100 including recoverable and non-recoverable VAT End of Year Accounts Annual Governance Statement Asset Register <p>and that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency code for smaller authorities – December 2014.</p> <p>Not of all the above were available to view at the time of the internal audit review for the year ending 31st March 2023.</p>

¹⁴ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

<p><i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁵</i></p>	<p>Yes</p>	<p>The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.</p> <p>The Internal Auditor is able to verify that the council has adopted a Publication Scheme as defined under the Freedom of Information 2000. <i>Comment: the scheme published by the council requires updating.</i></p>
<p><i>Is the Council compliant with the General Data Protection Regulation (GDPR) requirements?</i></p>	<p>Yes</p>	<p>Whilst Council has adopted and published a Privacy Notice which provides an explanation of the lawful basis for processing data, with further policies detailing compliancy with the regulations. <i>Comment: The Privacy Policy on the Parish Council's website covers the framework that the public can expect for dealing with requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.</i></p>
<p><i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i></p>	<p>Yes</p>	<p>Council has accessibility tools on its website thereby allowing for the increased functionality of the council's website, and has published a website accessibility statement on the council operated website detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.</p>
<p><i>Does the council have official email addresses for correspondence?¹⁷</i></p>	<p>Yes</p>	<p>Currently, Council uses a email address for official business. <i>Comment: Council might wish to note guidance over the use of a secure e-mail system with a .gov.uk address which identifies that the Council has local government status and demonstrates authenticity when building trust and credibility with the public. For the purposes of user management, Council should ensure that the Proper Officer can add and remove member and staff email accounts.</i></p>
<p><i>Is there evidence that electronic files are backed up?</i></p>	<p>Not asked</p>	<p>It is assumed that the council uses a system whereby a back-up of the council's data is taken and stored appropriately.</p>

¹⁵ Data Protection Act 2018

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide

<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	<i>N/A</i>	Council does not operate with a committee system.
<i>Additional comments: It is noted that due to council experiencing a succession of clerks, some of the statutory annual reviews have not been carried out and have resulted in recommendations being made to ensure that council addresses the areas identified. By following an action plan arising from this report, council will be able to review any outcomes arising during the year to ensure that they are able, in the year 2024-2025 to answer in the affirmative to Assertion 2 and Assertion 6 of the Annual Governance Statements of the AGAR.</i>		

Signed: Victoria S Waples

Date of Internal Audit Review: 2/04/2024 & 22/04/2024

Date of Internal Audit Report: 23/04/2024

On behalf of Suffolk Association of Local Councils