

Report to Bucklesham 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 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.

1.2 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), is satisfactorily undertaking the administration of the Council's financial affairs and has produced satisfactory financial management information to enable the Council to make well-informed decisions. The current Clerk was appointed as permanent Clerk/RFO from 1 July 2021 and has continued to make a significant improvement in many areas of the Council's operations and during the year has secured a number of additional grants from outside organisations to assist the Council in the work being undertaken for the local community.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £27,663.40
Total Payments in the year: £20,385.64
Total Reserves at year-end: £14,139.87

1.4 The Annual Governance and Accountability Return (AGAR) was examined and following minor adjustments to Boxes 2, 3, 4 and 6 the following figures were agreed with the Clerk/RFO for inclusion in Section 2 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £6,862</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £8,993</i>
<i>Total Other Receipts:</i>	<i>Box 3: £18,670</i>
<i>Staff Costs:</i>	<i>Box 4: £3,546</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £16,839</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £14,140</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £14,140</i>
<i>Total fixed assets:</i>	<i>Box 9: £82,536</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1

TREVOR BROWN CPFA
Internal Audit Services
Charnwood, California, Woodbridge, Suffolk IP12 4DE
Tel: 01394 384698 or 07587 523764
Email: tcdbrown01@yahoo.co.uk

1.5 Sections One and Two of the AGAR are due to be approved and signed/dated at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 within the AGAR.

1.6 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 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 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 At the meeting on 4 May 2021 the Council appointed persons to key offices. The Clerk's position as Responsible Financial Officer (RFO) was re-affirmed by the Council. The meeting also reviewed and confirmed all direct debits and standing orders previously set up by the Council.

2.3 During the previous year (2020/21) the Council appointed Mrs Judi Hallett as an Interim Clerk/RFO with effect from 1 July 2020 until the appointment of a permanent Clerk/RFO. At its meeting on 1 July 2020 the Council received the resignation of Councillor Ruth Johnson, who intended to shadow the Interim Clerk/RFO with the view of applying for the post of Clerk/RFO, alongside any other applicants, following the completion of the Interim Clerk/RFO's duties at the end of July 2021 (Minute 14 refers).

2.4 At the meeting on 4 May 2021 the Council received an update on the interview for the permanent position of Clerk and recommendations from the Interview Panel. The Council agreed the Panel's recommendation that Mrs Johnson be appointed as the new Clerk with effect from 1st July 2021 and that a Contract of Employment (in line with the latest SALC template) would be provided to Mrs Johnson. The Interim Clerk/RFO, Mrs Hallett, was to remain in post until 1 July 2021.

2.5 The Council resolved to apply the General Power of Competence (GPoC) at its meeting on 10 September 2020 (Minute 16b refers). The GPoC can be declared by eligible local councils which have two-thirds elected Councillors and a suitably qualified Clerk. Eligibility remains in place until the first annual meeting of the Council after the ordinary election even if the condition of the eligibility criteria has changed.

2.6 Standing Orders are in place; they were reviewed and adopted by the Council at its meeting on 1 September 2021 (Minute 11 refers). The adopted Standing Orders are in accordance with the latest model Standing Orders (Revised 2020) published by the National Association of Local Councils (NALC).

2.7 Similarly, Financial Regulations are in place and were also adopted by the Council at its meeting on 1 September 2021. The approved Financial Regulations are in accordance with the up-to-date NALC model templates.

2.8 The Council's Minutes are very well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered and signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved. The Clerk/RFO follows best practice by publishing the Minutes (in draft form) as soon as possible after each meeting in order to quickly inform residents of the items discussed and the decisions made.

2.9 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA346854, expiring 21 April 2022). To assist in compliance the General Data Protection Regulations (GDPR), the Council has prepared and approved a number of formal policies and protocols, including a Data Protection Statement, Legal and Privacy Statement, System Access Request, Data Protection Impact Assessment, Cookies Policy and a Data Protection Awareness Checklist for Councillors, all of which have been published on the Council's website.

2.10 At its meeting on 1 September 2021 the Council reviewed and adopted the following Data Protection and Freedom of Information documents: Retention of Documents and Records Policy, Information Protection Policy, Freedom of Information Procedure and the Publication Scheme (Minute 14d refers).

2.11 The Council also demonstrates good practice by adopting and reviewing a wide range of other formal policies and procedures. Following detailed examination of Policies and Procedures by the Clerk/RFO, at its meeting on 1 September 2021 the Council approved the following:

- Bring Your Own Device Policy
- CCTV Policy and Code of Practice
- Disciplinary Procedure
- Equal Opportunities Policy
- Formal Complaints Procedure
- Grants Award Policy
- Grievance Procedure
- Health and Safety Policy
- Public Participation in Meetings Protocol
- Safeguarding Children Policy
- Sickness and Absence Policy

2.12 Following advice from SALC, the Clerk/RFO prepared a new Dispensation Policy which the Council adopted at its meeting on 2 March 2022.

2.13 The Council re-adopted the Suffolk Local Code of Conduct at its meeting on 1 September 2021. The Council demonstrates good practice by periodically re-adopting the Code of Conduct, which details the requirements and responsibilities placed upon each individual Council Member. A copy of the Code has been published on the Council's website.

2.14 The Council's website is well constructed, comprehensive and informative. The Council noted on 2 March 2022 that it is being maintained to a high standard. A Website Accessibility Statement has been published in response to the website accessibility regulations and details what the Council has done to ensure that as many people as possible are able to use the website, provides technical information about the website's accessibility and lists contact details.

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 is very well referenced and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO.

3.2 A sample of transactions was examined and the relevant invoices/vouchers compared to the entries listed in the Cashbook and the details in the bank account. All transactions examined by Internal Audit were in order and correctly supported by invoices/vouchers.

3.3 Cheque 100434 for £150.00 to HMRC was dated 12 March 2021 and as such would normally be recorded in the accounts for the year ending 31 March 2021 and then displayed as an un-presented cheque. As the cheque was not included in the 2020/21 Accounts the cheque has been included in the year 2021/22 year of account.

3.4 VAT payments are tracked and identified within the Expenditure Analysis to facilitate re-claims to HMRC. The Interim Clerk/RFO submitted a re-claim to HMRC for the £2,929.49 VAT paid during the period 1 October 2020 to 28 February 2021. Re-imbursment was received on 13 April 2021 and was reported to Council on 4 May 2021.

3.5 A further re-claim was made during 2021/22 for £2,403.13 VAT paid during the period 1 March 2021 to 28 February 2022. Re-imbursment was received at bank on 22 March 2022. There was a minor discrepancy of £3 because the VAT recorded in that period was £2,406.13. The Clerk/RFO agreed to examine this matter and include the balance within the next re-claim to HMRC.

3.6 The Community Infrastructure Levy (CIL) Annual Report for 2021/22 has been prepared by the Clerk/RFO. The Report confirmed the CIL balance of £860.66 brought forward from 2020/21 and CIL receipts of £4,287.31 in the year. An amount of £760.35 expenditure has been applied on village signage projects during the year 2021/22. The amount of £4,387.62 has been carried forward as at 31 March 2022 as a Restricted Reserve. A copy of the CIL Annual Report for 2021/22 has to be published on the Council's website and submitted to the District Council no later than 31 December 2022.

3.7 A detailed Statement of Significant Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has been prepared by the Clerk/RFO for submission to the External Auditors and 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 Risk Assessment (Financial) and Risk Assessment (Non-Financial) documentation was considered and adopted by the Council at its meeting on 1 September 2021 (Minute 12 refers). The content of the Risk Assessments is wide-ranging and details the risks identified and the actions in place to manage and control the risks

4.2 At the meeting on 5 January 2022 the Council undertook a detailed review of the Internal Controls in place, including the financial controls, and the efficiency and effectiveness of the Internal Audit arrangements (Minute 13b refers).

4.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk, and the Minutes of the Council must formally record that the review has taken place.

4.4 The Clerk/RFO has constructed a Statement of Internal Controls which is due for presentation to the Council on 4 May 2022. A copy has been published on the Council's website.

4.5 One of the major risk management issues to be addressed by local councils is the management of play equipment. The Council noted at its meeting on 2 March 2022 that Ipswich Borough Council (IBC) had been providing a service of inspecting the play equipment and had previously provided RoSPA reports on an annual basis. However, IBC had not sent the Council a completed RoSPA report since December 2020 or responded to any communications with regards to the necessary maintenance tasks. The Clerk/RFO had contacted Suffolk Coastal Norse with regards to them taking over the contract of the Play Equipment inspections and the annual RoSPA report. An initial inspection of the play equipment by Norse identified

that, apart from needing to be cleaned, the equipment was in good working order with no concerns apparent. Norse offered 3 inspections per year at a cost of £25.00 per visit and an annual RoSPA inspection in March/April at £75.00. The Council agreed that Suffolk Coastal Norse be asked to take over the contract of the inspections of the play equipment and the annual RoSPA report (Minute 8e refers). The Clerk/RFO advised the Internal Auditor that Norse is due to undertake a RoSPA inspection in May 2022.

4.6 Insurance was in place for the year of account. At its meeting on 1 September 2021 the Council reviewed the renewal quotation received from Came and Company on behalf of AXA Insurance Ltd under the existing long-term agreement. The Council resolved to remove the Play Equipment from the insurance cover to reduce the premium payable (Minute 15g refers).

4.7 The payment to Came and Company of the insurance premium of £442.53 for the year 1 October 2021 to 30 September 2022 was approved by the Council at the meeting on 3 November 2021. Employer's Liability cover and Public Liability cover each stand at £10m. At the Council's meeting on 2 March 2022, the Clerk/RFO confirmed that the new outdoor gym equipment has been installed and Came and Company had been instructed to add the equipment to the Council's Public Liability Insurance cover.

4.8 The Employee/Councillor Dishonesty cover stands at £150,000 and 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.

4.9 As part of its risk management responsibilities and alongside many other local councils, the Clerk/RFO is currently assessing whether a local Emergency Plan should be put in place for the Council area. In the event of an emergency impacting the Parish, some residents could form an emergency coordination group to assess the impact of the incident, coordinate the local response, inform and support residents and responding agencies as far as is practical. At the meeting held on 5 January 2022 the Council agreed to examine during 2022/23 whether to form a Community Emergency Planning Group (CEPG).

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

Precept 2021/22: £8,993 (14 January 2021, Minute 14e).

Precept 2022/23: £9,213 (5 January 2022, Minute 13e).

5.1 The precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Interim Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

5.2 The timetable for the 2021/22 Budget was agreed by the Council at its meeting on 10 September 2020 (Minute 16c refers). The Draft Budget for 2021/22 was considered by the Council at its meeting on 12 November 2020 (Minute 12c refers) and the Final Budget and Precept for 2021/22 was approved at the meeting on 14 January 2021.

5.3 Similarly, the timetable for the 2022/23 Budget was agreed by the Council at its meeting on 1 September 2021. The Clerk/RFO presented a draft Budget 2022/23 to the Council on 3 November 2021. The Council considered and agreed a Final Budget and Precept for 2022/23 at the meeting on 5 January 2022.

5.4 Examination of the accounts and supporting documentation for the 2021/22 year confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates for the year 2021/22 were used effectively for budgetary control purposes.

5.5 Budgetary control statements are being prepared on a monthly basis and provide Councillors with information to make informed decisions during the year.

5.6 A Reserves Policy is in place. At the meeting on 1 September 2021 the Council considered and adopted a General Reserves Policy, which provides that the Council is to hold between Nine- and Twelve-months Net Revenue Expenditure (NRE); where NRE is (subject to any planned surplus or deficit) the Precept less any Loan Repayment and/or amounts included in Precept for Capital Projects and transfers to Earmarked Reserves. The amounts held in both General and Earmarked Reserves will be assessed on a quarterly basis by the Clerk/RFO and any division from the policy will be reported to the Council. The meeting on 1 September 2021 considered and agreed the Earmarked Reserves to be held.

5.7 As at the 31 March 2022 the Overall Reserves available to the Council amounted to £14,139.87 (compared to the balance of £6,862.11 at the end of the previous year) and reflects the significant amount of grants secured by the Council in the year of account.

5.8 A total of £9,637.62 has been earmarked for specific projects or are Restricted Funds, as follows:

Office Equipment:	£500
Playing Field Reserves:	£3,000
Defibrillator:	£1,000
Clerk Emergency Absence Fund:	£500
Plum Hedge Maintenance:	£250
CIL Funds (restricted):	£4,387.62

5.9 Accordingly, General Reserves of £4,502.25 (Overall Reserves less Earmarked/Restricted Reserves) were held at 31 March 2022. Whilst this is significantly lower than that proposed in the Council's General Reserve Policy (as

outlined in item 5.6 above), it is considered that the Council maintains sufficient Overall Reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

6.1 Football teams did not use the field during 2021/22 and accordingly no fees were received in the year of account.

6.2 Receipts in the year consisted of Precept (£8,993), CIL receipts (£4,287.31), Grants (£9,050), VAT refund from HMRC (£5,332.62) and Bank Interest (£0.47). A sample of the entries in the Cashbook were confirmed to the details in the bank accounts and the supporting documentation available and found to be in order.

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

7.1 No Petty Cash is held; an expenses system is in place with cheques made out for any expenses incurred.

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

8.1 Payroll Services are being operated through the Suffolk Association of Local Council (SALC) payroll system for salary payments to the Clerk/RFO in accordance with HMRC requirements. The Council displays good practice in using the services of a third party to calculate Pay and PAYE amounts. SALC performs this service for a reasonable cost.

8.2 A Temporary Contract of Employment for the Interim Clerk/RFO was agreed by the Council at its meeting on 1 July 2020 (Minute 4 refers). The Temporary Contract for the Interim Clerk/RFO was for the period commencing 1 July 2020 for a period of one calendar year, concluding on 30 June 2021. The Contract provided details of the conditions of service including hours of work and salary to be paid.

8.3 At the meeting on 4 May 2021 the Council formally appointed Mrs Ruth Johnson as the permanent Clerk/RFO with effect from 1st July 2021. The Council agreed and signed the Clerk/RFO's Contract of Employment at the meeting on 7 July 2021. Salary was set as commencing SCP 10 with progression automatically to point 12 after a 6-month review. An increment would be payable on 1 January 2022, subject to performance review during the annual appraisal, or an award of additional increments for exemplary performance, should the Council choose to do so.

8.4 At its meeting on 2 March 2022 the Council discussed the six-month review that had been undertaken by Councillors of the Clerk/RFO's work and the

recommendations arising from the review. Councillors agreed that the Parish Council was under excellent management, had a website which is maintained to a high standard and that the initiatives the Clerk/RFO had implemented had resulted in the Council having a much higher profile within the Village. The Council agreed that the Clerk/RFO's hours of work should be increased from 25 hours a month to 30 hours a month and that the Clerk/RFO's salary be increased from NJC/NALC Scale Point 12 to Scale Point 14 with effect from 1 January 2022 (Minute 6 refers).

8.5 The Clerk/RFO has confirmed that she has decided not to opt into a pension scheme at this time. With regard to the legislation relating to workplace pensions, the necessary re-declaration of compliance as required by the Pensions Regulator under the Pensions Act 2008 was made by the Interim Clerk/RFO on 30 September 2020. (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).

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

9.1 A comprehensive Asset and Responsibility Register is in place. The Register was updated by the Clerk/RFO and presented to the Council at its meeting on 1 September 2021 for review and adoption (Minute 13 refers).

9.2 The Register was reviewed and approved by the Council at its meeting on 2 March 2022 following the addition of the new Gym Equipment and Finger Pointing signs. The Council confirmed the Register to be accurate and approved the document (Minute 9a refers).

9.3 As at 31 March 2022 the Register displayed a total valuation of £82,536.18 (compared to a value of £74,733.38 as at the end of the previous year). The Clerk/RFO informed the Internal Auditor that the increase of £7,802.80 reflects the following:

Addition of:

8 new picnic benches:	£3,512.40
4 finger pointer signs:	£760.00
Gym Equipment:	£4,589.40

Disposal of:

Old picnic benches:	£1,059.00
---------------------	-----------

9.4 The introduction to the Register acknowledges that some of the valuation figures have been arrived at through best endeavours using the information available or known at the time of construction. Where 'Actual Cost' is unknown a default (community) value of £1.00 has been given. Pictures of the assets are held by the Clerk/RFO. The document is to be reviewed on an annual basis and assets are

9

entered, adjusted or removed as and when appropriate.

9.5 The Register complies with the current requirements which provide that each asset should be recorded at a consistent value, year-on-year. The value has been correctly placed in Box 9 of the AGAR 2021/22.

9.6 A copy of the Asset and Responsibility Register has been published on the Council's website.

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

10.1 The Clerk/RFO regularly completes and presents to the Council up-to-date Bank Reconciliations as part of the overall financial information delivered to Councillors as a matter of routine. A Councillor is asked to verify and sign that the Reconciliation agrees with the bank statements.

10.2 The bank statements as at 31 March 2022 for the HSBC Community (Current) Account and the HSBC Community Savings Account reconciled with the End-of-Year accounts and the overall Bank Reconciliation for all accounts.

11. 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*).

11.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were found to be in good order.

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 comprehensive financial reports to Council meetings, including a list of payments to be authorised, receipts and bank account balances. Councillors are provided with information to enable them to make informed decisions.

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

12.3 The use of internet banking was discussed at the Council meetings on 3 November 2021 and 5 January 2022. The Clerk informed the Council that a move to full online banking with HSBC would require the Clerk/RFO to be the first authoriser. Appropriate financial control would be exercised by means of a second authoriser for

10

each payment. The Clerk had sought advice on this matter from Internal Audit and SALC who had assured her that this was often usual practice with bank accounts used by smaller local councils. The Council approved the Clerk/RFO as a first authoriser should the move to internet banking proceed (Minute 13f refers).

12.4 The Internal Audit 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 Cheque Signatories in confirmation of the payment being correctly made.

(c) Cheque Book counterfoils are initialled by Cheque Signatories in accordance with the requirements of the Council's Financial Regulations (Item 6, Instructions for the Making of Payments).

12.5 The Internal Audit report for the previous year (2020/21) was considered and accepted by the Council at its meeting on 4 May 2021 (Minute 16b refers).

12.6 The Council formally appointed the Internal Auditor for the 2021/22 year at its meeting on 5 January 2022 (Minute 13b refers).

13. Publication Requirements.

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

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

Following the completion of the External Audit:

Notice of Conclusion of Audit
AGAR - Section 3
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

13.2 The Internal Auditor was able to confirm that the above documents were readily accessible on the Council's webpage:

<https://bucklesham.suffolk.cloud/parish-council/accounts/year-ending-31st-march-2021/>

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

14.1 The External Audit for the year 2020/21 was undertaken by PKF Littlejohn LLP. The External Audit Certificate and Report is dated 30 August 2021 with an explanatory email dated 31 August 2021. The External Auditors did not find any matters of concern that would require them to qualify their report. The External Audit Report was received and noted by the Council at its meeting on 1 September 2021.

14.2 An External Audit will be required for the year 2021/22 as the higher of gross income or gross expenditure exceeded £25,000 in the year of account.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk/RFO, Mrs Ruth Johnson, for her assistance and support during the course of the audit work. I would particularly like to commend the Clerk/RFO for the excellent presentation of the Council's documents for the audit.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

5 April 2022