

Report to Bucklesham Parish Council

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

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2022/23 year the Council maintained effective governance arrangements including a robust 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 2022/23 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 Clerk/RFO has continued to make a significant improvement in many areas of the Council's operations.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £23,296.00
Total Payments in the year: £27,672.97
Total Reserves at year-end: £9,762.90

1.4 The Annual Governance and Accountability Return (AGAR) was examined and 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 2022):</i>	<i>Box 1: £14,140</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £9,213</i>
<i>Total Other Receipts:</i>	<i>Box 3: £14,083</i>
<i>Staff Costs:</i>	<i>Box 4: £6,745</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £20,928</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £9,763</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £9,763</i>
<i>Total fixed assets:</i>	<i>Box 9: £86,786</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

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 2022/23 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 2022. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 At the meeting on 4 May 2022 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 the Standing Order previously set up by the Council to the Information Commissioner's Office (ICO) for data protection registration fees.

2.3 The Council has a Responsible Financial Officer in place, Mrs Ruth Johnson having been appointed as the Clerk/RFO with effect from 1 July 2021. Mrs Johnson completed her CiLCA studies and obtained the qualification during the year 2022/23 (noted by the Council at its meeting on 1 March 2023).

2.4 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). The Council can re-declare the GPoC at the Annual Meeting in May 2023 if the conditions of eligibility have been met.

2.5 Standing Orders are in place. The model Standing Orders published by the National Association of Local Councils (NALC) were reviewed and adopted by the Council on 7 September 2022 (Minute 10i refers).

2.6 Similarly, Financial Regulations are in place and were also reviewed and adopted by the Council at its meeting on 7 September 2022. At item 11a (3) the thresholds set by the Public Contracts Directive change from time to time and the relating footnote on page 15 can be updated at the next review to reflect the thresholds currently applicable.

2.7 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) with the final copy after formal approval.

2.8 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 2023). To assist in compliance the General Data Protection Regulations (GDPR), the Council has prepared and approved a number of formal policies and protocols, including:

Legal and Privacy Statement
Data Protection Cookies Policy
Data Protection Impact Assessment,
Data Protection Statement
Data Protection Awareness Checklist
Risk Assessment
System Access Request

All of the above were reviewed and adopted by the Council at its meeting on 7 September 2022 (Minute 10iv) and published on the Council's website.

2.9 The Council also demonstrates good practice by adopting and reviewing a wide range of other formal Policies and Procedures, all of which have been published on the Council's website. These include:

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

2.10 The Council demonstrated an innovative approach through the adoption at its meeting on 2 November 2022 of four 'Quick Guides' to assist the residents of the village to understand the work of the Council. These were:

- The New Councillors Guide
- The Role of the Clerk
- Agenda and Minutes
- Conduct at Meetings

2.11 At the meeting on 1 March 2023 the Council discussed and adopted a Training

and Development Policy which had been prepared as part of the Clerk/RFO's CiLCA qualification studies.

2.12 The Council adopted the latest Local Government Association (LGA) Code of Conduct for Councillors at its meeting on 6 July 2022. The Code details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.13 The Council's website is well constructed, comprehensive and informative and 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 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 was found to be in order and all queries arising were resolved by the Clerk/RFO. It was noted that Cheque 100517 (listed on the cheque counterfoil as £273.80 and made payable to HMRC for Clerk's PAYE in accordance with the Voucher for £273.80 supplied by SALC, the Payroll Service Provider) was debited by the bank as £273.00 and was recorded in the Accounts as £273.00 accordingly. The Clerk/RFO confirmed that the small outstanding amount had been written off by HMRC.

3.3 VAT payments are tracked and identified within the Expenditure Analysis to facilitate re-claims to HMRC. The Clerk/RFO submitted a re-claim to HMRC for the £2,462.52 VAT paid during the period 1 March 2022 to 21 December 2022. Reimbursement was received at bank on 28 February 2023.

3.4 The Community Infrastructure Levy (CIL) Annual Report for 2022/23 has been prepared by the Clerk/RFO. The Report confirmed the CIL balance of £4,387.62 brought forward from 2021/22 and CIL receipts of £5,203.10 in the year. An amount of £9,184.91 expenditure has been applied on projects at the Playing Field and new pointer signs in the village during the year 2022/23. The amount of £405.81 has been carried forward as at 31 March 2023 as a Restricted Reserve. A copy of the CIL Annual Report for 2022/23 has to be published on the Council's website and submitted to the District Council no later than 31 December 2023.

3.5 A detailed Statement of Significant Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) has been prepared

by the Clerk/RFO for submission to the External Auditors and publication on the Council's website.

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

4.1 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.

4.2 The bank statements for the HSBC Community (Current) Account (displaying £9,762.84 as at 31 March 2023) and the HSBC Community Savings Account (displaying £0.06 as at 22 February 2023) reconciled with the End-of-Year accounts and the overall Bank Reconciliation for all accounts.

5. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).

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

6. Internal Control and the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).

6.1 The Council's Risk Assessment (Financial) and Risk Assessment (Non-Financial) documentation was considered and adopted by the Council at its meeting on 7 September 2022 (Minute 10ii 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.

6.2 At the meeting on 4 January 2023 the Council agreed the Risk Management Policy (Minute 7b refers) and 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 11b refers).

6.3 The Council maintains a Statement of Internal Controls which was received and agreed by the Council at its meeting on 4 January 2023 (Minute 11c refers) within the 2022/23 year of account. The Clerk/RFO confirmed that the latest Statement is held in draft form and will be presented to Council at the meeting in May 2023.

6.4 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.

6.5 One of the major risk management issues to be addressed by local councils is the management of play equipment. The Clerk/RFO confirmed that the Council is no longer using the services of Ipswich Borough Council (IBC) to undertake inspections of play equipment or to provide RoSPA reports on an annual basis. The Council has appointed Suffolk Coastal Norse to take over the contract of the inspections of the play equipment and the annual RoSPA report.

6.6 The Clerk/RFO confirmed to the Internal Auditor that Suffolk Coastal Norse are arranging inspections through Play Inspection Company, including an Annual Inspection to the same standard as RoSPA. In this way the Council is able to meet the British Standard (safety standard) BS EN1176 and the Health and Safety Executive recommendation that all play areas have at least one inspection every year from an independent suitably qualified body. This assists the Council to ensure the long-term safety of the site, equipment and ancillary items as well as meeting legal and insurance responsibilities.

6.7 Insurance was in place for the year of account. At its meeting on 7 September 2022 the Council reviewed the renewal quotation received from Gallagher (Insurance) on behalf of AXA Insurance Ltd.

6.8 The payment to Gallagher Insurance of the insurance premium of £488.29 for the year 1 October 2022 to 30 September 2023 was approved by the Council at the meeting on 7 September 2022. Employer's Liability cover and Public Liability cover each stand at £10m. 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.

6.9 As part of the Council's risk management responsibilities, 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 whether to form a Community Emergency Planning Group. The Clerk/RFO advised the Internal Auditor that this matter is still in progress.

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

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

Precept 2023/24: £9,800 (4 January 2023, Minute 11f).

7.1 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.

7.2 The timetable for the 2023/24 Budget was agreed by the Council at its meeting on 7 September 2022 (Minute 11b refers). The Draft Budget for 2023/24 was considered by the Council at its meeting on 2 November 2022 (Minute 14b refers) and the Final Budget and Precept were agreed on 4 January 2023.

7.3 The precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The 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.

7.4 Examination of the accounts and supporting documentation for the 2022/23 year confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates for the year 2022/23 were used effectively for budgetary control purposes.

7.5 Budgetary control statements are being prepared on a monthly basis (including Cash Book Analysis and Projected Cash Flow, month by month) and provide Councillors with information to make informed decisions during the year.

7.6 A Reserves Policy is in place. At the meeting on 4 May 2022 the Council considered and adopted a revised Reserves Policy. A copy of the Policy has been published on the Council's website and refers to the JPAG's Proper Practices recommendation that General Reserves should be maintained at between 3- and 12-months' equivalent of net expenditure.

7.7 The Reserve Allocations for 2022/23 were considered and agreed by the Council on 4 May 2022 and again on 7 September 2022 when the following allocations were agreed:

- Office Equipment - £1,000.00
- Playing Field Emergencies - £2,000.00
- Nest Swing - £2,000.00
- Defibrillator - £1,000.00
- Clerk Emergency Fund - £1,000.00

7.8 The total expenditure in 2022/23 was £27,672.97 (compared to £20,385.64 the previous year). The Clerk/RFO confirmed that the felling of the old poplar trees and the purchase of a nest swing on the Playing Field were the largest projects in the year whilst money was also spent on a new playing field path, replacement of the fence destroyed by a fallen tree, bulbs for the village green areas, new finger pointer signs and village maintenance such as the removal of the old fence and container on the Playing Field.

7.9 As at the 31 March 2023 the Overall Reserves available to the Council amounted to £9,762.90 (compared to the balance of £14,139.87 at the end of the previous year).

7.10 A total of £6,845.81 has been Earmarked for specific projects or are Restricted Funds, as follows:

Office Equipment:	£1,000.00
Defibrillator and pads:	£1,000.00
Election Expenses:	£1,000.00
Coronation Celebrations:	£2,000.00
Carpet Bowls Grant:	£1,440.00
CIL Funds (restricted):	£405.81

7.11 Accordingly, General Reserves of £2,917.09 (Overall Reserves less Earmarked/Restricted Reserves) were held at 31 March 2023. The Clerk/RFO advised the Internal Auditor that the Council is aware that this is significantly lower than that proposed in the Council's General Reserve Policy (as outlined in item 7.6 above), and the best practice guidance published by the JPAG Proper Practices. The Clerk/RFO confirmed that the Council is committed to building General Reserves up to the equivalent of one year's Precept as soon as possible.

Recommendation 1: The Council should aim to increase the level of General Reserves during the year 2023/24 and work towards meeting the Council's General Reserve Policy and best practice as outlined by the JPAG Proper Practices. This will assist in ensuring that the Council maintains sufficient General Reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

8.1 Total income for 2022/23 was £23,296.00, down from £27,663.40 in the previous year. This was due largely to fewer grants having been received and a smaller amount of VAT reclaimable.

8.2 Receipts in the year consisted of Precept (£9,213), CIL receipts (£5,203.10), Grants (£5,918), VAT refund from HMRC (£2,462.52), Miscellaneous Income (£486) and Bank Interest (£13.38). 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.

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

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

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

10.1 Payroll Services are 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.

10.2 A Contract of Employment is in place for the Clerk/RFO. 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 and an increment would be payable on 1 January 2022.

10.3 At its meeting on 2 March 2022. 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). As at 31 March 2023 the Clerk/RFO was being paid at Scale Point 14 for 30 hours per month in accordance with the Council's approval.

10.4 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 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).

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

11.1 A comprehensive Asset and Responsibility Register is in place. The Council noted on 4 May 2022 that the Clerk/RFO had made a step change improvement in redesigning the Asset Register from a Word document to an Excel Spreadsheet, to facilitate automatic additions/subtractions.

11.2 The Asset Register was presented to the Council at its meeting on 7 September 2022 for review and adoption (Minute 10iii refers).

11.3 The Register was reviewed and approved by the Council at its meeting on 1 March 2023 following the addition of the new Nest Swing. The Council confirmed the Register to be accurate and approved the document (Minute 7a refers).

11.4 As at 31 March 2023 the Register displayed a total valuation of £86,786.18 (compared to a value of £82,536.18 as at the end of the previous year). The Clerk/RFO confirmed to the Internal Auditor that the increase in the year reflected the acquisition of a Nest Swing.

11.5 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 entered, adjusted or removed as and when appropriate.

11.6 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 2022/23.

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

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/RFO informed the Internal Auditor that a move to online banking has yet to take place and that the Council may examine the matter following the Annual Meeting of the Council in May 2023.

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 (2021/22) was considered and accepted by the Council at its meeting on 4 May 2022 (Minute 14b refers). The report raised no matters of concern.

12.6 The Council formally appointed the Internal Auditor for the 2022/23 year at its meeting on 4 May 2022 (Minute 6 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:

To be published by 1 July:

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

13.2 Documents in respect of the year 2021/22 had been published and were readily accessible on the Council's website:

<https://bucklesham.suffolk.cloud/parish-council/accounts/year-ending-31st-march-2022/>

13.3 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require the Council to publish a formal 'Notice of Public Rights and Publication of Annual Governance and Accountability Return' on the website. A notice had been published on the Council's website and displayed the inspection dates. The appropriate form to be used for the 2022/23 year of account can be obtained from the PKF Littlejohn webpage:

<https://www.pkf-l.com/services/limited-assurance-regime/useful-information>

under the link:

[Public rights Notice for smaller authorities subject to a review](#)

13.4. The items listed below are to be published following completion of the External Audit (and no later than 30 September):

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

13.5 The Clerk/RFO reported to the Council at its meeting on 7 September 2022 that Section 3 of Part 3 of the 2021/22 AGAR had been received from PKF Littlejohn LLP.

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

<https://bucklesham.suffolk.cloud/parish-council/accounts/year-ending-31st-march-2022/>

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

14.1 The External Audit for the year 2021/22 was undertaken by PKF Littlejohn LLP. The External Audit Certificate and Report is dated 26 July 2022 with an explanatory email dated 3 August 2022. The External Auditors raised no matters of concern. The External Audit Report was received and noted by the Council at its meeting on 7 September 2022.

14.2 An External Audit will be required for the year 2022/23 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

4 April 2023