

Report to Bucklesham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2021

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2020/21 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 2020/21 accounts and supporting documentation it was confirmed that the Interim Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions. Since her appointment in July 2020 the Interim Clerk/RFO has secured a significant improvement in a number of areas of the Council's financial administration including the construction of a Monthly Analysis of the Cashbook and Projected Cash Flow, delivery of a comprehensive Asset and Responsibility Register and the development of the Council's new website.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £12,833.68
Total Payments in the year: £28,615.39
Total Reserves at year-end: £6,862.11

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Interim Clerk/RFO for inclusion in Section 2 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £22,644</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £9,100</i>
<i>Total Other Receipts:</i>	<i>Box 3: £3,734</i>
<i>Staff Costs:</i>	<i>Box 4: £3,200</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £25,416</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £6,862</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £6,862</i>
<i>Total fixed assets:</i>	<i>Box 9: £74,733</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

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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 2020/21 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 At the Council's meeting on 4 June 2020 the Chair reported that due to new government legislation in response to the pandemic the current Council appointments could continue in office until May 2021 and that local councils are able to hold virtual meetings until May 2021. The Council agreed that the existing Council appointments would stay in post until May 2021 and the Council would hold virtual meetings until Councillors could meet in person (Minute 32.20 refers).

2.2 At the meeting on 4 June 2020 the Council noted that Mrs Angie Buggs had resigned from her post as Clerk/RFO on the 21 May 2020 but had offered to work until the 30 June 2020. The Council appointed Mrs Judi Hallett as an Interim Clerk/RFO until the appointment of a permanent Clerk/RFO (Minute 36.20 refers). 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).

2.3 The Council resolved to apply the General Power of Competence (GPoC) at its meeting on 10 September 2020 (Minute 16b refers). The Interim Clerk/RFO explained the concept of the GPoC (which 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.

2.4 The Council noted at its meeting on 10 September 2020 that the Interim Clerk/RFO was having to re-establish Bank Signatories and complete a new Bank Mandate to replace the primary user of the account. The Interim Clerk/RFO advised Councillors that as the Council had not completed a Bank Mandate within the last six years, it was necessary to re-establish Bank Signatories. The Council agreed that this would also be an opportunity to have more than the existing three Signatories (Minute 6 refers).

2.5 Standing Orders are in place; they were accepted and adopted by the Council at its meeting on 10 September 2020 (Minute 12 refers). The adopted Standing Orders

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are in accordance with the model Standing Orders (Revised 2020) published by the National Association of Local Councils (NALC).

2.6 Similarly, Financial Regulations are in place and were also accepted by the Council at its meeting on 10 September 2020 (Minute 12 refers). The approved Financial Regulations are in accordance with the up-to-date NALC templates.

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.

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 2021). 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 and a Data Protection Awareness Checklist for Councillors, all of which have been published on the Council's website.

2.9 At its meeting on 10 September 2020 the Council accepted and adopted further Data Protection and Freedom of Information documents, the Retention of Documents and Records Policy, the Information Protection Policy, the Freedom of Information Procedure and the Publication Scheme (Minute 13 refers).

2.10 The Council also demonstrates good practice by adopting and reviewing a range of other formal policies and procedures. Following detailed examination of draft Policies and Procedures by the Interim Clerk/RFO, at its meeting on 10 September 2020 the Council approved the following:

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

2.11 The Council re-adopted the Suffolk Local Code of Conduct at its meeting on 5 March 2020 (Minute 25.20 refers) and also accepted and re-adopted the Code at the meeting on 10 September 2020 (Minute 13 refers). The Council demonstrates good practice in this respect 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.

2.12 The Council agreed at its meeting on 1 July 2020 that the Council's website was not fit for purpose. The Council considered the Web hosting service of Suffolk Cloud and agreed that it was of a very high standard and facilitated links to other village organisations (e.g. the School, Church and Village Hall) and would allow for news items, events and pictures to be displayed. The Council accordingly agreed to change its website host from One Suffolk to Suffolk Cloud (Minute 9 refers). The Council has secured a significant step-change improvement in the development of the new website.

2.13 With regard to the new website accessibility regulations that came into effect from 23 September 2020, a Website Accessibility Statement has been published which 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 Interim 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 correctly supported by invoices/vouchers and just one discrepancy was identified as follows:

Cheque 100282 was made out for £88.80 to Suffolk Coastal Norse and the invoice was for the amount of £88.20. The invoice included VAT of £14.70 which was not identified in the Cashbook, the gross amount of £88.80 being itemised under Grass Cutting. This transaction took place prior to the appointment of the Interim Clerk/RFO, who has agreed to correct the Cashbook entry and to confirm that the VAT paid has been correctly recovered from HMRC.

3.3 VAT payments are tracked and identified within the Expenditure Analysis to facilitate re-claims to HMRC. A re-claim was made during 2020/21 for the £944.58 VAT paid during the period 1 January 2019 to 30 June 2020. Re-imbursment was received at bank on 21 August 2020.

3.4 The Interim Clerk/RFO has recently submitted a re-claim to HMRC for the £2,929.49 VAT paid during the period 1 October 2020 to 28 February 2021 and reimbursement is awaited at the date of this report.

3.5 A Community Infrastructure Levy (CIL) Annual Report for 2020/21 has been prepared by the Interim Clerk/RFO. The Report confirmed the CIL balance of £9,794.79 brought forward from 2019/20 and CIL receipts of £1,199.20 and £10,133.33 expenditure applied on projects during the year 2020/21. The amount of £860.66 has been carried forward as at 31 March 2021 as a Restricted Reserve (see item 6.7 below). A copy of the CIL Annual Report for 2020/21 has to be published on the Council's website and submitted to the District Council no later than 31 December 2021.

3.6 A Statement of Significant Variances (explaining significant differences in receipts and payments between the years 2019/20 and 2020/21) has been prepared by the Interim 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 10 September 2020 (Minute 13 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 14 January 2021 the Council undertook a review of the Internal Controls in place and the effectiveness of the Internal Audit arrangements.

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. An independent RoSPA Playground Inspection was undertaken by PlaySafety Ltd on 10 December 2020. The Interim Clerk/RFO confirmed to Council on 14 January 2021 that the minor repairs and cleaning suggested in the RoSPA report would be carried out as part of the ongoing maintenance (Minute 14e refers).

4.5 Insurance was in place for the year of account. At its meeting on 10 September 2020 the Council accepted the insurance quote from Came and Co. on behalf of AXA Insurance Ltd alongside the agreement to enter into a long-term agreement for 3 years. The insurance premium of £523.90 for the year 1 October 2020 to 30 September 2021 was paid on 12 September 2020. 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.

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

5.1 For the year 2019/20 Bucklesham Parish Council was designated as a 'Smaller Council'. The Council's current website is: <https://bucklesham.suffolk.cloud/>

5.2 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
Published – Yes, included within Minutes published on the website
- b) Annual Governance Statement, AGAR Annual Return, Section One:
Published (2019/20) – Yes
- c) End of year accounts, AGAR Annual Return, Section Two:
Published (2019/20) – Yes
- d) Annual Internal Audit report within AGAR Annual Return:
Published (2019/20) – Yes
- e) List of councillor or member responsibilities:
Published – Yes
- f) Details of public land and building assets:
Published – Yes
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

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

5.4 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was unable to identify the Notice on the Council's current website <https://bucklesham.suffolk.cloud/> but it is understood that the appropriate notice had been published on the Council's website <http://buckleshamparish.onesuffolk.net/> which was closed following the move to the Suffolk Cloud website host.

5.6 The Internal Auditor has to certify within the AGAR Annual Internal Audit Report 2020/21 that the Council complied with the publication requirements for the 2019/20 AGAR (listed under the AGAR page 1 Guidance Notes). The Internal Auditor was unable to identify from the Council's current website that the Analysis of Significant Variances ((explaining significant differences in receipts and payments between the years 2018/19 and 2019/20) had been published. It is understood that the appropriate notice had been published on the Council's website <http://buckleshamparish.onesuffolk.net/> which was closed following the move to the Suffolk Cloud website host.

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

Precept 2020/21: £9,100 (2 January 2020, Minute 09.20).

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

6.1 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.

6.2 Examination of the accounts and supporting documentation for the 2020/21 year confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The Budget for the year 2020/21 was discussed and agreed by the Council at its meeting on 2 January 2020 (Minute 09.20 refers).

6.3 Budgetary control measures are in place. At the meeting on 10 September 2020 the Interim Clerk/RFO presented Accounts up to 31 August 2020 and included a detailed analysis of the Cashbook, a Projected Cash Flow for the 2020/21 year, details of bank balances and the allocation of funds. The Statements are being prepared on a monthly basis and has resulted in a significant increase in the level of financial data presented to Councillors as a matter of routine.

6.4 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.

6.5 At the meeting on 10 September 2020 the Council considered and adopted a General Reserves Policy, which provided that the Council would hold between 9- and 12-months' Net Revenue Expenditure (NRE); where NRE is (subject to any planned surplus or deficit) 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 would be assessed on a Quarterly basis by the Clerk/RFO and any division from the Policy will be reported to the Council. (Minute 16d refers). The allocations to the Council's Reserves were agreed by the Council (Minute 16e refers).

6.6 As at the 31 March 2021 the Overall Reserves available to the Council amounted to £6,862.11, a significant reduction from the balance of £22,643.82 at the end of the previous year and reflects expenditure on the Playing Field in the year of account.

6.7 A total of £5,210.66 has been earmarked for specific projects or are Restricted Funds, as follows:

Office Equipment:	£500
Play Equipment:	£2,000
Planting of Trees and Bulbs:	£100
Defibrillator:	£1,000
Clerk Emergency Absence Fund:	£500
Plum Hedge Maintenance:	£250
CIL Funds (restricted):	£860.66

6.8 Accordingly, General Reserves of £1,651.45 (Overall Reserves less Earmarked/Restricted Reserves) was held at 31 March 2021 but is expected to be increased shortly by the VAT refund of £2,929.49 from HMRC. This will then bring General Reserves to a level in excess of £4,500.94 but still significantly lower than that proposed in the Council's General Reserve Policy (as outlined in item 6.5 above).

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

7.1 At its meeting on 14 January 2021 the Council ratified the decision not to invoice football teams for the second half of fees. The Interim Clerk/RFO had written to the football teams, following consultation with all Councillors, explaining that as the football teams had been unable to continue with the season and had therefore not used the pitch, the Council would not be charging them for the second half of the hire of the field. (Minute 14d refers).

7.2 Receipts in the year consisted of Precept (£9,100), CIL receipts (£1,199.20), Grants from ESC for CCTV Equipment (£900), Football Fees (£670), Bank Interest (£2.86), VAT refund from HMRC (£944.58) and Miscellaneous items (£17.04). 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.

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

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

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

9.1 Payroll Services were operated in-house prior to the Council's meeting on 1 July 2020, when the Council agreed to enrol into the Suffolk Association of Local Council (SALC) payroll system for salary payments to the Interim Clerk/RFO. The Council

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noted that it was good practice to use the services of a third party to calculate Pay and PAYE amounts and that SALC performed this service for reasonable cost (Minute 13c refers).

9.2 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) and has been presented to the Internal Auditor for examination. The Temporary Contract is in place for the Interim Clerk/RFO for the period commencing 1 July 2020 for a period of no more than one calendar year, concluding at the latest on 30 June 2021. The Contract provides details of the conditions of service including hours of work and salary to be paid.

9.3 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).

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

10.1 A comprehensive Asset and Responsibility Register is in place. The document was constructed in the year by the Interim Clerk/RFO and provides a significant improvement during the year in the recording and presentation of the Council's Assets.

10.2 The Register was accepted and adopted by the Council at its meeting on 10 September 2020 (Minute 13 refers). On 12 November 2020 the Council received notification of a further review of the Register, which included the CCTV for the Playing Field and the Computer Equipment used by the Village Volunteer for administration of the Website, the Playing Field, and the Bugle (Minute 13 refers).

10.3 The Register was further reviewed and approved by the Council at its meeting on 11 March 2021 following the addition of new Playing Field fencing, Dog Bin, Litter Bin and Speed Awareness Camera (Minute 13 refers).

10.4 As at 31 March 2021 the Register displayed a total valuation of £74,733.38. 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.

10.5 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 2020/21.

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

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

11.1 The Interim Clerk/RFO regularly completes and presents to the Council up-to-date Bank Reconciliations as part of the overall financial information delivered as a matter of routine to Councillors.

11.2 The bank statements as at 31 March 2021 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.

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

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

13. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).

3.1 The Council has satisfactory internal financial controls in place. The Interim 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.

13.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework. In addition:

- (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).

13.3 The Internal Audit report for the previous year (2019/20) was considered and accepted by the Council at its meeting on 4 June 2020 (Minute 34.20 refers).

13.4 The Council formally appointed the Internal Auditor for the 2020/21 year at its meeting on 14 January 2021 (Minute 14b refers).

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

14.1 An External Audit was not required in the year 2019/20. At its meeting on 4 June 2020 the Council agreed to the completion of the Certificate of Exemption from a Limited Assurance Review for that year.

14.2 An External Audit will be required for the year 2020/21 as the higher of gross income or gross expenditure exceeded £25,000 in the year of account.

15. Additional Comments.

15.1 All documents were very well presented for the Internal Audit and I would like to record my appreciation to Mrs Judi Hallett, the Interim Clerk/RFO, and to Mrs Ruth Johnson, who is currently shadowing the Interim Clerk/RFO, for their assistance and support during the course of the audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

12 April 2021