

## **Report to Bucklesham Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2024**

#### **1. Introduction and Summary.**

1.1 The Internal Audit work undertaken confirmed that during the 2023/24 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 2023/24 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 detailed financial information to enable the Council to make well-informed decisions. The Clerk/RFO works with energy and commitment on Council business and continues to make significant improvements in many areas of the Council's operations.

1.3 The Draft Accounts have been constructed by the Clerk/RFO for the year and display the following:

*Total Receipts for the year: £57,630.53*  
*Total Payments in the year: £42,864.94*  
*Total Reserves at year-end: £24,528.49*

1.4 A Draft Annual Governance and Accountability Return (AGAR) has been prepared with the following figures are displayed in Section 2 (rounded for purposes of the Return):

|  |                        |
|--|------------------------|
| <i>Balances at beginning of year (1 April 2023):</i> | <i>Box 1: £9,763</i>   |
| <i>Annual Precept 2023/24:</i>                       | <i>Box 2: £9,800</i>   |
| <i>Total Other Receipts:</i>                         | <i>Box 3: £47,814</i>  |
| <i>Staff Costs:</i>                                  | <i>Box 4: £6,333</i>   |
| <i>Loan interest/capital repayments:</i>             | <i>Box 5: £0</i>       |
| <i>All Other payments:</i>                           | <i>Box 6: £36,515</i>  |
| <i>Balances carried forward (31 March 2024):</i>     | <i>Box 7: £24,529</i>  |
| <i>Total cash/short-term investments:</i>            | <i>Box 8: £24,529</i>  |
| <i>Total fixed assets:</i>                           | <i>Box 9: £107,238</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 2023/4 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control. 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 10 May 2023. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 The Council has a Responsible Financial Officer (RFO) in place, Mrs Ruth Johnson having been appointed as the Clerk/RFO with effect from 1 July 2021. The Clerk's position as RFO was re-affirmed by the Council at its meeting on 10 May 2023 (Minute 9 refers). The Meeting also appointed Councillors to representative positions and confirmed the areas of additional responsibility to Councillors. The Council 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 is applying the General Power of Competence (GPoC). At its meeting on 10 May 2023 the Council declared that it met the relevant criteria regarding elected Councillors and a suitably qualified Clerk and adoption of the Power was agreed (Minute 8 refers). The GPoC continues in place until May 2027.

2.4 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 6 September 2023.

2.5 Similarly, Financial Regulations are in place and were also reviewed and adopted by the Council at its meeting on 6 September 2023.

2.6 The Council demonstrates good practice by maintaining a 4-Year Plan which was considered and approved by the Council at its meeting on 10 May 2023. The Plan enables the new administration to focus upon measurable strategic aims over the forthcoming years.

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 published 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 2024). 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

All of the above were reviewed and adopted by the Council at its meeting on 6 September 2023 (Minute 8iv) and published on the Council's website. A Subject Access Request Form is available 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. At the meeting on 10 May 2023 the Clerk/RFO advised Councillors that it would be necessary to review all Council Policies at the September 2023 meeting as this was a task performed every four years to ensure all policies and documentation were relevant and up to date. The Clerk/RFO would aim to send three to four documents each week. This would allow Councillors to read each of them thoroughly, and request amendments, if necessary, before officially reviewing and adopting at the September meeting.

2.10 The following policies are in place:

- Bring Your Own Device Policy
- CCTV Policy and Code of Practice
- Disciplinary Procedure
- Dispensation Policy
- Equal Opportunities Policy
- Expenses Policy
- Freedom of Information Procedure
- Formal Complaints Procedure
- General Reserves Policy
- Grants Award Policy
- Grievance Procedure
- Health and Safety Policy
- Information Protection Policy
- Playing Field Management Policy
- Public Participation in Meetings Protocol
- Publication Scheme
- Retention of Documents and Records Policy
- Safeguarding Children Policy
- Sickness and Absence Policy
- Training and Development Policy

The Council adopted all the above policies *en masse* at the meeting on 6 September 2023.

2.11 The Council demonstrates an innovative approach through the adoption and publication of four 'Quick Guides' to assist the residents of the village to understand the work of the Council. These are:

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

2.12 The Council re-adopted the Local Government Association (LGA) Code of Conduct for Councillors at its meeting on 5 July 2023 (Minute 9a refers). 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 issues arising during the audit examination were satisfactorily resolved by the Clerk/RFO.

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 £4,500.71 VAT paid during the period 1 March 2023 to 28 February 2024. Re-imbursment was received at bank on 12 March 2024.

3.4 The previous VAT reclaim is recorded as covering the period 1 March 2022 to 21 December 2022. Re-imbursment for the £2,462.52 VAT was received at bank on 28 February 2023.

3.5 The Community Infrastructure Levy (CIL) Annual Report for 2022/23 has been prepared by the Clerk/RFO. The Report confirmed the CIL balance of £405.81 brought forward from 2022/23 and CIL receipts of £29,147.48 in the year. An amount of £11,248.04 expenditure has been applied on major projects at the Playing Field and the Village Hall in the village during the year 2023/24. The amount of £18,305.25 has been carried forward as at 31 March 2024 as a Restricted Reserve. A copy of

the CIL Annual Report for 2023/24 has to be published on the Council's website and submitted to the District Council no later than 31 December 2024.

3.6 A detailed Statement of Significant Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) 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 copies of the on-line bank statements for the HSBC Community (Current) Account (displaying £11,164.57) and the HSBC Community (Savings) Account (displaying £13,363.92) as at 31 March 2024 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, following minor corrections made during the audit, 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 6 September 2023 (Minute 8ii 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 10 January 2024 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).

6.3 The Council maintains a Statement of Internal Controls which was received and agreed by the Council at its meeting on 10 January 2024 (Minute 13c refers).

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. On 10 May 2023 the Council discussed the management of the Play Equipment for 2023/24 by contractors Suffolk Norse and the quotation from David Bracey, Play Safety Inspections. The services of Norse in 2022/23 had been unsatisfactory and the Council agreed to accept the quotation from David Bracey for an Annual inspection (June 2023) and three Quarterly inspections (Sept 2023, Dec 2023 and March 2024).

6.6 Details of the first inspection by David Bracey were reported to Council on 5 July 2023. RoSPA standard inspections enables the Council 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 6 September 2023 the Council reviewed the renewal quotation received from Gallagher Insurance Brokers on behalf of Hiscox Insurance Company Ltd.

6.8 The payment of the insurance premium of £597.81 for the year 1 October 2023 to 30 September 2024 was approved by the Council at the meeting on 6 September 2023. 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 The Clerk/RFO confirmed that the Council has resolved not to insure individual items of play equipment.

6.10 As part of the Council's risk management responsibilities, the Council considered whether a local Emergency Plan should be put in place for the Council area viz 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. The Clerk/RFO confirmed to the Internal Auditor that a Community Emergency Planning Group is now in place and a Spreadsheet is maintained to record all relevant contacts during an Emergency.

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

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

Precept 2024/25: £11,720 (10 January 2024, Minute 13f).

7.1 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 and the Final Budget and Precept were agreed on 4 January 2023.

7.2 The timetable for the 2024/25 Budget was agreed by the Council at its meeting on 6 September 2023. The Clerk/RFO presented a draft Budget 2024/25 to the Council on 1 November 2023. The Council considered and agreed a Final Budget and Precept for 2024/25 at the meeting on 10 January 2024.

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 2023/24 year confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates for the year 2023/24 were used effectively for budgetary control purposes. Budgetary control statements are being prepared on a monthly basis (including Cash Book Analysis and Projected Cash Flow, month by month)

7.5 A Reserves Policy is in place having been reviewed and adopted by the Council on 6 September 2023. 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.

7.6 As at the 31 March 2024 the Overall Reserves available to the Council amounted to £24,528.49 (compared to the balance of £9,762.90 at the end of the previous year).

7.7 A total of £21,305.25 has been Earmarked for specific projects or are Restricted Funds, as follows:

|                               |            |
|-------------------------------|------------|
| Office Equipment replacement: | £500.00    |
| D -Day Celebrations:          | £1,000.00  |
| Election Expenses:            | £1,000.00  |
| Staff Costs Emergency Fund:   | £500.00    |
| CIL Funds (restricted):       | £18,305.25 |



7.8 Accordingly, General Reserves of £3,223.24 (Overall Reserves less Earmarked/Restricted Reserves) were held at 31 March 2024. The Clerk/RFO confirmed that the Council is aware that this is lower than that proposed in the Council's General Reserve Policy and the best practice guidance published by the JPAG Proper Practices and that the Council is committed to increasing its General Reserves as soon as possible to provide for any unforeseen future costs.

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

8.1 Total income for 2023/24 was £57,630.53, up from £23,296.00 in the previous year. This was due largely to far greater CIL monies and Grants received.

8.2 Receipts in the year consisted of Precept (£9,800), CIL receipts (£29,147.48), Grants (£13,550), VAT refund from HMRC (£4,500.71), Miscellaneous Income (£268.48) and Bank Interest (£363.86).

8.3 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 1 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 SCP 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 Council's Annual Review/Appraisal of the Clerk's performance and duties took place on 27 June 2023. Unsigned Notes of the meeting show that the Councillors undertaking the review proposed that the Council increase the Clerk/RFO's salary from SCP 14 to 18 in recognition of her CiLCA qualification and increased responsibility and to increase her working hours by 2 per month (from 30 to 32).

10.5 At the subsequent meeting of the Council on 5 July 2023 it was noted that the Council had previously agreed that the Clerk would be awarded a pay increment upon successful completion of the CiLCA qualification. The Council agreed that the Clerk be paid on JNC/NALC pay scale point 17 and also that the Clerk's hours be increased by 2 hours per month (from 30 to 32) as recompense for the extra workload (Minute 13 refers).

10.6 As at 31 March 2024 the Clerk was paid at Scale Point 18 for 96 hours per Quarter in accordance with the Notes taken at the Annual Review/Appraisal. However, the formal approval of the Council on 5 July 2023 was given to a salary at SCP 17 for 96 hours per Quarter.

**Recommendation 1: The Council needs to address the dichotomy that exists regarding the salary of the Clerk/RFO and confirm the correct Scale Point to be applied to the officer's salary viz. either the Scale Point 18 to be applied (as recommended at the Clerk/RFO's Annual Review/Appraisal on 27 June 2023) or the Scale Point 17 (which was formally approved by the Council on 5 July 2023).**

**At the Council's next meeting in May 2024 the Council should formally confirm and record the salary Scale Point to be applied to the post of Clerk/RFO and the date from which it is to be applied.**

10.7 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 14 June 2023. (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 Register is maintained on an Excel Spreadsheet to facilitate automatic additions/subtractions.

11.2 The Asset Register was presented to the Council at its meeting on 6 September 2023 for review and adoption. The Register was similarly reviewed and approved by the Council on 10 January 2024 following the addition of the Monkey Challenge Climbing Wall.

11.3 The Register was also reviewed and approved by the Council at its meeting on 13 March 2024 following the addition of the new Roundabout. The Council confirmed the Register had been reviewed and approved the document (Minute 7i refers).

11.4 As at 31 March 2024 the Register displayed a (rounded) total valuation of £107,238 (compared to a value of £86,786 as at the end of the previous year). The Clerk/RFO confirmed to the Internal Auditor that the increase of £20,452 in the year reflected the acquisition of:

- Monkey Challenge Wall £7,860
- Roundabout £10,756
- Picnic Benches £1,405.20
- Grit Bins £215.50 x 2

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 2023/24.

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 relevant financial information.

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

12.3. The Clerk/RFO informed the Internal Auditor that a move to online banking has not yet taken place.

12.4 The Internal Audit confirmed that invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.

12.5 The Internal Audit report for the previous year (2022/23) was considered and accepted by the Council at its meeting on 10 May 2023 (Minute 18b refers). The report had put forward one formal recommendation.

*R1: 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.*

The Council considered this issue at its meeting on 5 July 2023 and agreed that General Reserves were very low and would be examined during the 2024/25 Budget process. The recommendation put forward for the year 2022/23 still stands.

12.6 The Council formally appointed the Internal Auditor for the 2022/23 year at its meeting on 10 May 2023 (Minute 9 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 2022/23 had been published and were readily accessible on the Council's website:

<https://bucklesham.suffolk.cloud/parish-council/accounts/year-ending-31st-march-2/>

13.3 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).

13.4 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-2/>

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

14.1 The External Audit for the year 2022/23 was undertaken by PKF Littlejohn LLP. The External Audit Certificate and Report is dated 23 July 2023. The External Auditors raised no matters of concern. The External Audit Report was received and noted by the Council at its meeting on 6 September 2023.

14.2 An External Audit will be also required for the year 2023/24 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.

15.2 As I will shortly be retiring from most local council work, I would like to take the opportunity to thank Councillors and the Clerk/RFO for their continued support and assistance during the time I have been the Council's Internal Auditor, which has been an absolute privilege.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**4 April 2024**