

Report to Creeting St Mary 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 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 of 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.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £28,302.27
Total Payments in the year: £21,186.70
Total Reserves at year-end: £28,931.72

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk for inclusion in Section 2 Accounting Statements 2022/23 (rounded for purposes of the Return):

| | |
|------------------------------------------------------|-----------------------|
| <i>Balances at beginning of year (1 April 2022):</i> | <i>Box 1: £21,817</i> |
| <i>Annual Precept 2022/23:</i> | <i>Box 2: £11,130</i> |
| <i>Total Other Receipts:</i> | <i>Box 3: £17,172</i> |
| <i>Staff Costs:</i> | <i>Box 4: £5,201</i> |
| <i>Loan interest/capital repayments:</i> | <i>Box 5: nil</i> |
| <i>All Other payments:</i> | <i>Box 6: £15,985</i> |
| <i>Balances carried forward (31 March 2023):</i> | <i>Box 7: £28,933</i> |
| <i>Total cash/short-term investments:</i> | <i>Box 8: £28,933</i> |
| <i>Total fixed assets:</i> | <i>Box 9: £54,401</i> |
| <i>Total borrowings:</i> | <i>Box 10: nil</i> |

1.5 Sections One and Two of the AGAR are due to be approved and signed 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. 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 was held on 26 May 2022. The first item of business was the Election of Chair, in accordance with the requirements of the Local Government Act 1972.

2.2 Standing Orders are in place. The Council reviewed, approved and adopted the Standing Orders at its meeting on 9 March 2023 (Minute CSM160/22/23b refers). The National Association of Local Councils (NALC) has published amendments at Section 18 of the model Standing Orders to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment can be included at the Council's next review of Standing Orders.

2.3 Financial Regulations are in place. The Council reviewed, approved and adopted the Financial Regulations at its meeting on 9 March 2023 (Minute CSM160/22/23b refers). NALC has advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to the footnote to item 11.1 can be included at the Council's next review of Financial Regulations.

2.4 The Council continued to correctly apply the General Power of Competence (GPoC). At its meeting on 14 May 2019 the Council declared that it was an eligible Council to use the GPoC, having at least two-thirds elected Councillors and a suitably qualified Clerk and adoption of the Power was agreed (Minute CSM17/19/20 refers). The GPoC continues to the next full election of the Council in May 2023.

2.5 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council.

2.6 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA057299, expiring 30 July 2023). To assist in meeting the requirements of the General Data Protection Regulations (GDPR) the Council maintains a Data Protection and Information Security Policy, a copy of which has been published on the Council's website.

2.7 The Council has also adopted a Publication Scheme which details the information available from the Council under the model publication scheme.

2.8 At the meeting on 26 May 2022 the Council received the new Local Government Association (LGA) Model Councillor Code of Conduct. The Council agreed to adopt the new Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor (A copy of the Suffolk Local Code has been published on the Council's website and requires to be replaced by the LGA Code approved on 26 May 2022).

2.9 The Council demonstrates good practice by publishing a Website Accessibility Statement in accordance with the website accessibility regulations. The Statement includes technical information about the website's accessibility.

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 was found to be in good order and well presented. The Spreadsheet is well referenced and provides an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of transactions was closely examined and was found to be in order with supporting invoices/vouchers in place.

3.2 VAT payments are tracked and separately identified within the Cashbook to assist future re-claims to HMRC. A reclaim for the £931.96 VAT paid for the period ending 31 March 2022 was submitted to HMRC on 29 April 2022, received at bank on 14 June 2022 and reported to Council on 14 July 2022. Similarly, the reclaim for the £1,919 VAT paid in 2022/23 was submitted by the Clerk/RFO to HMRC on 17 April 2023.

3.3 The Community Infrastructure Levy (CIL) Report has been constructed by the Clerk/RFO for the year 2022/23 and displays an opening balance of £12,074.45 as at 31 March 2022 with £14,277.09 CIL receipts in the year and payments of £5,621.20. The payments consisted of Tree Felling at Lilley's Wood Project (£600) and French Drain Installation at the Village Hall (£5,021.20). The CIL Fund balance as at 31 March 2023 stands at £20,730.34. The CIL Report has to be published on the Council's website and a copy submitted to the District Council no later than 31 December 2023.

3.4 A Statement of Explanation of 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 for publication on the Council's website.

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

4.1 Bank Reconciliations are presented to meetings of the Council and the Council's approval is Minuted.

4.2 The bank statements for the TSB Business Current Account (£861.05 as at 31 March 2023), the Blacksmiths Field Savings Account (£3,012.99 as at 31 March 2023), the CIL Fund Account (£21,271.28 as at 20 March 2023) and the Reserves Savings Account (£3,786.40 as at 31 March 2023) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation.

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 in good order. Sample audit trails were undertaken and were found to be in 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 Internal Audit Control and Risk Management arrangements were reviewed and approved by the Council at its meeting on 9 March 2023 (Minute CSM160/22/23a refers). The documents provide detailed analysis of the financial risks faced by the Council and the control measures in place to mitigate the risks identified.

6.2 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015 which requires a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

6.3 The Council receives regular reports of inspections taking place at the Blacksmiths Field including the current condition of equipment and any action proposed/taken. An Annual Play Inspection was undertaken by Mid Suffolk District Council (payment of £62.47 approved by the Council at its meeting on 9 March 2023).

6.4 Insurance was in place for the year of account. At the Council's meeting on 28 September 2022 the Council approved the payment of £755.73 for insurance renewal to CAS Insurance Ltd. The policy is provided by Ansvar Insurance and runs from 1 October 2022 to 30 September 2023. Employer's Liability cover and Public Liability cover each stand at £10m.

6.5 The Fidelity Guarantee (Councillor/Employee Dishonesty) insurance cover stands at £50,000 which 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.

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

Precept 2022/23: £11,130.00

Precept 2023/24: £11,686.00

7.1 The Draft Budget for 2022/23 was considered and agreed by the Council on 30 November 2021 (Minute CSM114/20/21d refers). The Final Budget was approved by the Council at the meeting held on 20 January 2022, when the Precept of £11,130

was approved. The precept decision and amount have been clearly Minuted (CSM137/21/22f refers).

7.2 Similarly, the Draft Budget for 2023/24 was approved by the Council at its meeting on 8 December 2022 (Minute CSM/122/22/23f). The Final Budget and Precept for 2023/24 were approved by the Council at its meeting on 19 January 2023. The Precept decision and the amount have been clearly Minuted (Minute CSM141//22/23g refers).

7.3 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council has sound budgetary procedures in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments.

7.4 Budget Monitoring Reports are presented by the Clerk/RFO to meetings of the Council in order to meet the Council's budgetary control responsibilities.

7.5 The Overall Reserves at the year-end totalled £28,931.72 of which £23,743.33 are Earmarked/Restricted Reserves as follows:

CIL Receipts: £20,730.34 (as per Annual CIL Report)

Blacksmith Field: £3,012.99 (as per balance at Bank as at 31 March 2023)

7.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) were accordingly £5,188.39 as at 31 March 2023, the equivalent of approximately 44% of the 2023/24 Precept.

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

8.1 Receipts recorded in the Cashbook Spreadsheet consisted of Precept (£11,130), CIL receipts (£14,277.09), VAT reclaim (£931.96), Bank Interest (£159.33) and Other Income (£1,803.89).

8.2 Receipts recorded in the Cashbook were cross referenced with the Council's Bank Statements on a sample basis and were found to be in order.

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

9.1 A Petty Cash system is not in use. An expenses system is in place, with on-line payments being made for 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 by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. Detailed pay slips are produced.

10.2 A Contract of Employment dated 16 January 2017 is in place between the Council and the Clerk/RFO and confirms that the employment commenced on 16 January 2017 with a starting salary at SCP 19 with hours of work expected to be no more than 6 hours per week. As at 31 March 2023 the Clerk/RFO was paid at SCP 22, as confirmed following the Annual Appraisal on 10 February 2022, for 26 working hours per month.

10.3 An Office Allowance is payable to the Clerk/RFO at the rate recommended by SALC.

10.4 With regard to the workplace pensions legislation, the Council wrote to the Clerk/RFO on 2 July 2017 outlining the scheme and the criteria and confirmed that Mrs Blackburn did not become a member of the scheme automatically but had the option to join the scheme. Mrs Blackburn decided not to join the scheme.

10.5 The previous Internal Audit Report noted that the Pensions Regulator had confirmed that the Council submitted on 6 April 2020 a re-declaration in accordance with the requirements of the Pensions Act 2008. (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 An Asset Register is in place. The total value of £54,401.06 as at 31 March 2023 is an increase of £481.32 over the value of £53,919.74 as at the end of the previous year (31 March 2022) and reflects the following acquisitions:

Jubilee Plaque: £108.32

Tree Guard: £85.00

Dog Bin (Creeting Hills): £130

Hedge Trimmers: £158

11.2 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The assets are recorded at purchase cost (where known) or a community value of £1 in appropriate cases.

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 financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. The Council receives details of the financial position of the Council, including accounts balance, payments and receipts.

12.2 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework. Payments were made through on-line banking during 2022/23. The Clerk/RFO is the Service Administrator, who initiates payments which are then authorised by nominated Parish Councillors before payment is released. The procedure is documented in the Council's Financial Regulations (item 6.15 et seq.)

12.3 The Internal Audit Report for the previous year, 2021/22 was reported to the Council at its meeting on 26 May 2022 (Minute CSM43/22/23d refers).

12.4 The Internal Auditor for the 2022/23 year was appointed by the Council at the meeting held on 9 March 2023 (Minute CSM159/22/23d refers).

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

13.1 The External Audit Report and Certificate for the year 2021/22 was completed by PKF Littlejohn LLP on 9 September 2022. The Report was received and noted by the Council at its meeting on 28 September 2022 (Minute CSM80/22/23g refers). The External Auditors raised no matters of concern.

13.2 At its meeting on 9 March 2023 the Council noted that an External Audit review is required for the year 2022/23 because the total of income is over £25,000 in the year of account.

14. Publication Requirements.

14.1 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.

14.2 The 2021/22 AGAR Sections 1 and 2 had been published on the Council's website. The 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' document for the year 2021/22 had also been published but appeared to be an over-write of the 2020/21 form as it related to

a council that had certified itself exempt from an External Audit Review (for the year 2021/22 the Council was subject to an External Audit Review).

14.3 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).

14.4 The Internal Auditor was able to confirm that the documents relating to the year 2021/22 were readily accessible on the Council's website:

<https://www.creating-st-mary.suffolk.gov.uk/parish-council/parish-council-documents/>

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work and for the careful presentation of the documents for the audit.



Trevor Brown, CPFA

Internal Auditor

27 April 2023