

## **Report to Creeting St Mary 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 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 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 Council's documentation and information were very well presented by the Clerk/RFO for the internal audit.

1.4 The Accounts for the year confirm the following:

*Total Receipts for the year: £53,694.62*  
*Total Payments in the year: £50,501.83*  
*Total Reserves at year-end: £32,124.51*

1.5 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk for inclusion in Section 2 Accounting Statements 2023/24 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £28,933</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £11,686</i>
<i>Total Other Receipts:</i>	<i>Box 3: £42,008</i>
<i>Staff Costs:</i>	<i>Box 4: £5,086</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £45,416</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £32,125</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £32,125</i>
<i>Total fixed assets:</i>	<i>Box 9: £54,531</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.6 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 2023/24 within the AGAR.

1.7 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 11 May 2023. 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 28 March 2024 (Minute CSM194/23/24b refers) and are in accordance with the latest guidance issued by the National Association of Local Councils (NALC).

2.3 Financial Regulations are in place having been reviewed and adopted by the Council at its meeting on 9 March 2023 (Minute CSM160/22/23b refers). The Council noted at its meeting on 28 March 2024 that NALC is shortly to issue revised, updated model Financial Regulations and these would be brought to the Council at a future meeting for consideration and approval.

2.4 The Council is applying the General Power of Competence (GPOC). At its meeting on 11 May 2023 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 CSM14/23/24 refers). The GPOC remains in place until the Annual Meeting following the next Ordinary Election in May 2027.

2.5 A Clerk and Responsible Financial Officer (RFO) is in position, Mrs Jennie Blackburn having been appointed from 16 January 2017. At the meeting on 18 January 2024 the Council formally provided appropriate Delegation to the Clerk to receive comments from Councillors by email which would then be collated and submitted to the planning authority concerned.

2.6 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council. Each page of the Minutes is signed/initialled by the Chair of the meeting at which the Minutes are approved.

2.7 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 2024). To assist in meeting the requirements of the General Data Protection Regulations (GDPR) the Council maintains a Data Protection and Information Security Policy and a Document Retention Policy, both of which were reviewed and adopted by the Council at its meeting on 28 March 2024. A copy of each has been published on the Council's website.

2.8 The Council also reviewed and adopted a Publication Scheme on 28 March 2024 which details the information available from the Council under the model publication scheme. The document has been published on the Council's website.

2.9 The Council has adopted the Local Government Association (LGA) Model Councillor Code of Conduct which details the requirements and responsibilities placed upon each individual Councillor. A copy of the LGA Code has been published on the Council's website.

2.10 The Council demonstrates good practice by publishing a Website Accessibility Statement to assist compliance 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. Re-claims totalling £7,463.68 were re-imbursed by HMRC in the year as follows:

- a) The reclaim for the £1,919.99 VAT paid in 2022/23 was submitted by the Clerk/RFO to HMRC on 17 April 2023, received at bank on 10 May 2023 and reported to Council on 15 June 2023.
- b) The reclaim for the £4,464.00 VAT paid in November 2023 was submitted by the Clerk/RFO to HMRC on 5 December 2023 and received at bank on 8 December 2023.
- c) The reclaim for the £1,079.69 VAT paid in February 2024 was submitted to HMRC on 1 March 2024, received at bank on 6 March 2024 and reported to Council on 28 March 2024.

A reclaim for the £1,224.39 VAT paid for the period ending 31 March 2024 was submitted to HMRC on 10 April 2024.

3.3 The Community Infrastructure Levy (CIL) Report has been constructed by the Clerk/RFO for the year 2023/24 and displays an opening balance of £20,730.34 as at 31 March 2023 with £31,797.37 CIL receipts in the year and payments of £27,327.00 consisting of:

Concrete Pad for Bench:	£1,332
Car Park Improvements:	£22,320
Pond works:	£3,675

The CIL Fund balance as at 31 March 2024 accordingly stands at £25,200.71. 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 2024.

3.4 A Statement of Explanation of 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 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 (£1,813.82 as at 31 March 2024), the Blacksmiths Field Savings Account (£2,351.74 as at 31 March 2024), the CIL Fund Account (£26,136.69 as at 31 March 2024) and the Reserves Savings Account (£1,822.26 as at 31 March 2024) 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 Control Measures and Risk Management arrangements were reviewed and approved by the Council at its meeting on 28 March 2024 (Minute CSM194/23/24a 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. At its meeting on 11 May 2023 the Council noted that the Play Area Equipment and Trim Trail Equipment Inspections reports had stated there were low risk or very low risk indicators to all equipment, with minimal works needed. The

Clerk/RFO confirmed that a RoSPA standard play inspection had been undertaken during the year 2023/24.

6.4 Insurance was in place for the year of account. At the Council's meeting on 14 September 2023 the Council approved the payment of £760.27 for insurance renewal to CAS Business Services Ltd. The policy is provided by Ansvar Insurance and runs from 1 October 2023 to 30 September 2024. 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.

6.6 The Clerk/RFO confirmed to the Internal Auditor that the insurance policy has been checked against the Asset Register and adequately covers all relevant Assets.

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

Precept 2023/24: £11,686.00

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7.1 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).

7.2 Similarly, the Draft Budget for 2024/25 was considered and agreed by the Council on 30 November 2023 (Minute CSM126/23/24e refers). The Final Budget was approved by the Council at the meeting held on 18 January 2024, when the Precept of £11,686 was approved. The precept decision and amount have been clearly Minuted (CSM147/23/24g 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 for the years 2023/24 and 2024/25.

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 £32,124.51 of which £27,552.45 are Earmarked/Restricted Reserves as follows:

CIL Receipts: £25,200.71 (Restricted Reserve as per Annual CIL Report).  
Blacksmith Field: £2,351.74 (Earmarked Reserve as per balance at Bank as at 31 March 2024).

7.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) were accordingly £4,572.06 as at 31 March 2024, the equivalent of approximately 39% or 4.5 months of the 2024/25 Precept.

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

8.1 Receipts are reported to Council as a matter of routine. Receipts of £53,694.62 recorded in the Cashbook Spreadsheet consisted of Precept (£11,686), CIL receipts (£31,797.37), VAT reclaim (£7,463.68), Bank Interest (£455.85), Grants (£250) and Other Income (£2,041.72).

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. PAYE is in operation and detailed pay slips are produced. The P60 End of Year Certificate was presented to the Internal Auditor.

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. As at 31 March 2024 the Clerk/RFO was paid at NJC SCP 22 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 At the meeting on 30 November 2023 the Council noted that SALC had informed Clerks of the JNC local government officers' annual increase in salary, which this year was a flat sum of £1,925 pro rata. The Clerk informed the Council that the increase would be backdated to 1 April 2023. The Council approved the increase in salary.

10.5 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.



10.6 The Council submitted a re-declaration to the Pensions Regulator on 24 March 2023 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 and displays a total value of £54,531.06 as at 31 March 2024, an increase of £130.00 over the value of £54,401.06 as at the end of the previous year (31 March 2023). The increase reflects the acquisition of a Dog Bin (at Creeting Hills).

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. The value as at 31 March 2024 has been correctly entered into Box 9 of Section 2 of the AGAR.

**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 2023/24. 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, 2022/23 was reported to the Council at its meeting on 11 May 2023 (Minute CSM13/23/24f refers).

12.4 The Internal Auditor for the 2023/24 year was appointed by the Council at the meeting held on 28 March 2024 (Minute CSM193/23/24d refers).

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

13.1 The External Audit Report and Certificate for the year 2022/23 was completed by PKF Littlejohn LLP on 3 August 2023. The Report was received and noted by the

Council at its meeting on 14 September 2023 (Minute CSM75/23/24f refers). The External Auditors raised no matters of concern.

13.2 At its meeting on 28 March 2024 the Council noted that an External Audit review is required for the year 2023/24 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 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).

14.3 The Internal Auditor was able to confirm that the documents relating to the year 2022/23 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/RFO for her assistance during the course of the audit work and would particularly commend her for the careful presentation of the documents for the audit.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**22 April 2024**