

Report to Earl Stonham 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 all necessary 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: £16,505.34

Total Payments in the year: £17,229.96

Total Reserves at year-end: £6,663.48

1.5 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO 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: £7,388</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £7,330</i>
<i>Total Other Receipts:</i>	<i>Box 3: £9,175</i>
<i>Staff Costs:</i>	<i>Box 4: £3,555</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £13,675</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £6,663</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £6,663</i>
<i>Total fixed assets:</i>	<i>Box 9: £7,761</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 took place on 15 May 2023. The first item of business was the Election of a Chair, as required by the Local Government Act 1972. The Council also appointed representatives to outside bodies at the meeting.

2.2 Standing Orders are in place and were reviewed, approved and adopted by the Council on 4 March 2024 (Minute ES123/23/24b 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, approved and adopted by the Council at the meeting on 6 March 2023 (Minute ES148/22/23b refers). The Council noted at its meeting on 4 March 2024 that NALC is shortly to issue revised, up-dated 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 15 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 ES19/23/24 refers). The GPOC remains in place until the Annual Meeting following the next Ordinary Election in May 2027.

2.5 The Council's Minutes are very 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.

2.6 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA291180, expiring 9 November 2024). The Council's compliance with the General Data Protection Regulations (GDPR) is supported by a Data Protection and Information Security Policy and Document Retention Policy which were reviewed, approved and adopted on 4 March 2024 and published on the Council's website.

2.7 To support the Council's compliance with the Freedom of Information legislation, at its meeting on 4 March 2024 the Council considered and adopted a Publication Scheme which details the information being made available to the public.

2.8 At the meeting on 9 May 2022 the Council 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 Code has been published on the Council's website.

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 this 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.

3.2 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 good order with supporting invoices/vouchers in place.

3.3 Re-claims for VAT paid are being submitted to HMRC. A re-claim to HMRC of £664.44 for the VAT paid during the year 2022/23 was received at bank on 5 May 2023 and reported to Council on 15 May 2023. Similarly, a re-claim of £1,353.70 VAT paid in the year 2023/24 was submitted by the Clerk/RFO to HMRC on 10 April 2024.

3.4 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2024 has been prepared by the Clerk/RFO. The Report displays the balance of £13.36 brought forward from previous years, the CIL Receipts of £3,583.28 in the year and CIL Payments of £0.00. A balance of £3,596.64 was accordingly retained at the end of the year as a Restricted Reserve.

3.5 A Statement 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 publication on the Council's website.

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

4.1 The Clerk/RFO presents completed Bank Reconciliations to Council meetings. The Council demonstrates good financial practice by receiving and verifying a completed Reconciliation at each meeting of the Council.

4.2 The Bank Statements for the TSB Current Account (£1,998.62) and the TSB Savings Account (£4,904.43) as at 31 March 2024 reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation after taking into account the uncleared payment of £239.57 to Suffolk County Council (Streetlights energy and maintenance).

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 4 March 2024 (Minute ES123/23/24a refers). The documents provide detailed analysis of the financial and other 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 Insurance was in place for the year of account. The Council approved the insurance premium payment of £257.60 to Zurich Municipal Insurance at the meeting on 4 September 2023. The cover runs from 1 October 2023 to 30 September 2024. Employer's Liability cover and Public Liability cover each stand at £10m. The Fidelity Guarantee cover (Councillors and Employees) stands at £25,000, 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.

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

6.5 At the meeting on 4 March 2024 the Council received the Multicourt Inspection Report from the District Council and noted that issues arising were minor and at low risk.

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

Precept 2023/24: £7,330.00

Precept 2024/25: £7,675.00

7.1 At the meeting on 7 November 2022 the Council noted that the tax base had yet to be received from the District Council and agreed that the Draft Budget for 2023/24 be agreed once the tax base was available and calculations made. The Final Budget for 2023/24 was considered and approved by the Council at its meeting on 9 January 2023 (Minute ES122/22/23d refers). The Precept of £7,330 was also formally approved by the Council at the meeting on 9 January 2023. The precept decision and amount have been clearly Minuted.

7.2 The Draft Budget for 2024/25 was considered and approved by the Council at its meeting on 6 November 2023 (Minute ES81/23/24e refers). The Final Budget was agreed by the Council at its meeting on 8 January 2024 and a Precept of £7,675 was

approved. The precept decision and amount have been clearly Minuted (ES102/23/24g 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. The Clerk/RFO prepared detailed estimates of the annual budget and of receipts and payments for the years 2023/24 and 2024/25.

7.4 The Clerk/RFO presents Budget Monitoring Reports to meetings of the Council as part of the overall budgetary control arrangements operating within the Council.

7.5 On 4 September 2023 the Council agreed that sums should be earmarked for a Reserve Fund for a Village Sign project from Community Infrastructure Levy (CIL) money that had already been received. A replacement sign could then be planned for the future.

7.6 As at the 31 March 2024 the Overall Reserves totalled £6,663.48, of which £4,691.94 are Earmarked/Restricted Reserves as follows:

Village Green Reserve:	£1,000.00
Streetlight Reserve:	£95.30
CIL Funds Restricted Reserve:	£3,596.64

7.7 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2024 accordingly totalled £1,971.54 and is in line with the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.33 refers).

7.8 As at the 31 March 2024, the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

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

8.1 Receipts of £16,505.34 recorded in the Cashbook Spreadsheet consisted of Precept (£7,330.00), CIL Receipts (£3,583.28), VAT reclaim (£664.44), Bank Interest (£76.12), Grants (£1,750) and Other Income (£3,101.50).

8.2 Receipts recorded in the Cashbook Spreadsheet were cross referenced on a sample basis with the Council's Bank Statements 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 electronic payments being made for expenses incurred.

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

10.1 Under the provisions of the Transparency Code, Earl Stonham can be designated as a 'Smaller Council'.

10.2 The Council's website is: <http://www.earlstonham.org.uk/>

10.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. Payments published.*
- b) *Annual Governance Statement: 2022/23 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2022/23 AGAR Annual Return, Section Two. Published on website.*
- d) *Annual Internal Audit report: 2022/23 AGAR Annual Return. Published on website.*
- e) *List of councillor or member responsibilities. Published on website.*
- f) *The details of public land and building assets (Asset Register). Published on website.*
- g) *Minutes, agendas and meeting papers of formal meetings. Published on website.*

10.4 The Council is complying with the requirements of the Transparency Code.

10.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required 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 able to confirm that the document for the year 2022/23 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts and the Details of the person making the announcement.

10.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed as being easily accessible on the Council's website.

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

11.1 The Council is registered with HMRC and the Payroll is being operated in-house in accordance with HMRC requirements. PAYE is in operation and the Clerk/RFO confirmed that tax deductions are being paid to HMRC.

11.2 A Contract of Employment dated 1 January 2017 is in place between the Council and the Clerk/RFO and confirms the starting salary and hours of work under the employment, which commenced on 1 January 2017.

11.3 At its meeting on 7 March 2022 the Council considered the grading of the Clerk/RFO's post with reference to the national pay scales, the experience and expertise of the Clerk, her CILCA qualification and duties as the Responsible

Financial Officer. The Council agreed that the position of the Clerk/RFO should be at LC1 Point 22 with effect from 1 April 2022 (at 19.5 paid hours per month) and this was still in force as at 31 March 2024.

11.4 At the meeting on 4 March 2024 the Council noted the national pay award 2022/23 for local government officers and agreed that this would apply to the salary of the Clerk/RFO and would be backdated to 1 April 2023.

11.5 An Office Allowance is payable to the Clerk/RFO at the amount recommended by SALC.

11.6 With regard to the workplace pensions legislation, the Council wrote to the Clerk/RFO on 2 May 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 at that time.

11.7 The Pensions Regulator confirmed on 24 March 2024 that the Council had submitted a re-declaration of compliance 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).

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

12.1 An Asset Register is in place and was last reviewed by the Council at the meeting on 15 May 2023.

12.2 The total value of £7,760.56 as at 31 March 2024 remains unchanged from the value at the end of the previous year, 31 March 2023.

12.3 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 proxy value or nominal value in appropriate cases. The value has been correctly entered into Box 9 of Section 2 of the AGAR.

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*).

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions. The Council receives details of the financial position of the Council, including the balance of the accounts, payments for authorisation and receipts since the last meeting.

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

13.3 The Internal Audit Report for the previous year, 2022/23, was received and noted by the Council at its meeting on 15 May 2023 (Minute ES18/23/24h refers). No matters of concern were raised in the Report.

13.4 The Internal Auditor for the 2023/24 year was appointed by the Council at the meeting held on 4 March 2024 (Minute ES122/23/24e refers).

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

14.1 An External Audit was not required in the year 2022/23 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account. At its meeting on 15 May 2023 the Council approved the Certificate of Exemption from a Limited Assurance Review and agreed that it should be signed by the Chair and the Clerk/RFO (Minute ES18/23/24g refers).

14.2 For the year 2023/24 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account. At its meeting on 4 March 2024 the Council noted that these arrangements would apply for the 2023/24 year (Minute ES122/23/24f refers).

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

18 April 2024