

Report to Fornham All Saints Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2023

1. Introduction and Summary.

1.1 The essential information required for the completion of the Internal Audit was e-mailed/posted by Mrs Christine Mason, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor. All relevant published data held on the Council's website was accessed by the Internal Auditor. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were accordingly completed.

1.2 The Internal Audit work undertaken confirmed that during the 2022/23 year the Council maintained effective governance arrangements. The Council's overall framework of financial control could be enhanced by the presentation to each Council meeting of formal Bank Reconciliations between the bank balances and the Accounts.

1.3 By examination of the 2022/23 accounts and supporting documentation it was confirmed that the 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 information to enable the Council to make well-informed decisions.

1.4 The Accounts for the year 2022/23 prepared by the Clerk/RFO displayed the following:

Total Receipts for the year: £26,549.94
Total Payments in the year: £37,058.03
Total Reserves at year-end: £29,623.63,

1.5 On the basis of the above, the entries in Section 2 of the Annual Governance and Accountability Return (AGAR) were as follows (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £40,132</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £24,175</i>
<i>Total Other Receipts:</i>	<i>Box 3: £2,375</i>
<i>Staff Costs:</i>	<i>Box 4: £8,069</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £28,989</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £29,624</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £29,624</i>
<i>Total fixed assets:</i>	<i>Box 9: £145,209</i>
<i>Total borrowings:</i>	<i>Box 10: £0</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 2022/23 within the AGAR.

1.7 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 The Annual Parish Council meeting took place on 17 May 2022. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and reflect the model documents and guidance issued by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 Financial Regulations are also in place and are based on the model Financial Regulations published by NALC. A copy of the Regulations has been published on the Council's website. NALC has advised of a change in the thresholds for public service or supply and public works contracts. The amendment to the footnote to item 11.1 (c) can be included at the Council's next review of Financial Regulations.

2.4. The Council's Clerk/RFO, Mrs Christine Mason, was appointed with effect from 1 September 2019.

2.5 The presentation and publication of the Council's Minutes were examined as part of the review of governance arrangements in place. The Council's Minutes, as constructed by the Clerk/RFO and agreed by the Council, provide clear evidence of the decisions taken by the Council. Each page is initialled by the Chairman of the meeting at which the Minutes are approved. The Minutes presented to the Internal Auditor were in loose-leaf form and were consecutively numbered to evidence that a lawful and authentic record is maintained.

2.6 The Council has adopted over previous years a wide range of formal Policies, Procedures and Protocols, including a Training Policy, Media Policy, Public Press Reporting Statement, Grant Awarding Policy, Complaints Policy, Dispensation Policy, Expenses Reimbursement Policy, Pre-Planning Application Protocol, Protocol for the Reporting at Meetings of the Council and a Grievance and Disciplinary Procedure Policy. All these documents have been published on the Council's website but many now require review and to be brought up to date. The Clerk/RFO confirmed that the Council maintains a Schedule for the Review of Policies, Procedures and Protocols which is being progressed over time.

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 under Data Protection legislation (Registration ZB338736 expiring 5 June 2024 refers).

2.8 The Council also has Policies and Procedures in place to assist in ensuring compliance with the General Data Protection Regulations (GDPR). These include a Data Protection Policy and a Retention of Documents Policy, a General Privacy Policy, Privacy Notice for Councillors and Staff, Subject Access Request Procedure document, Data and Information Security Policy and a Lawful Basis for Processing Data document, all of which are published on the Council's website.

2.9 Documents detailing Information available under the Model Publication Scheme are available on the Council's website.

Recommendation 1: The document headed ' To make a FOI request from Fornham All Saints Parish Council' published on the Council's website should be reviewed and revised as necessary to ensure that all details, including contact details, are up to date.

2.10 At its meeting on 4 October 2022 the Council adopted the national Councillors Code of Conduct published by the Local Government Association (LGA). The Code applies to all Councillors for the purpose of assisting a Local Council to discharge its duty to promote and maintain high standards of conduct within its area.

2.11 Suffolk Cloud has published a Website Accessibility Statement on the Council's website in response to the website accessibility regulations which came into effect in September 2020.

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, the Cheque Book counterfoils, the Minutes of Council meetings and the financial information prepared by the Clerk/RFO. A sample of transactions was examined with invoices/vouchers supporting the payments made and found to be in order.

3.2 The Cashbook Spreadsheet includes a separate column identifying the VAT element within each payment to assist future re-claims to HMRC. The most recent re-claim to HMRC for VAT paid was for the £1,672.00 VAT paid in the period 24 June 2019 to 30 March 2021 which was received at bank on 7 July 2021. The Clerk/RFO confirmed that re-claims for the VAT paid in the years 2021/22 and 2022/23 will shortly be submitted to HMRC.

3.3 Payments made under the Local Government Act 1972 Section 137 are separately identified in the accounts and are included in the list of payments presented to Council.

3.4 A Statement 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 presentation 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 Whilst financial reports are provided to the Council, including a schedule of payments, a Bank Reconciliation is not routinely formally presented to the Council. Such regular and routine bank reconciliations are normally performed by local councils on a monthly basis and are a key element in a Council's internal financial control arrangements. Regular bank reconciliations will also assist the end of year process of constructing a bank reconciliation as at 31 March 2023.

Recommendation 2: The Council should receive completed Bank Reconciliations (between the bank statements and the balance of the Accounts) at each meeting, to supplement the present financial information received, and to Minute the receipt, consideration and approval of the Reconciliations.

4.2 The Bank Reconciliation between the bank statements for the Council's Royal Bank of Scotland Accounts as at 31 March 2023 and the Accounts balance as at 31 March 2023 has been completed and for ease of reference is displayed below:

	£ . p
Account Balance b/f as at 1 April 2022:	40,131.72
Add Total Receipts in the year:	26,549.94
Deduct Total Payments in the year:	37,058.03

Account Balance c/f as at 31 March 2023:	<u>29,623.63</u>
Represented by:	
RBS Current Account as at 31 March 2023:	274.10
RBS Gold Deposit Account as at 31 March 2023:	29,451.15
RBS (Council's Charities Account) as at 31 March 2023:	1,820.98

	31,546.23
Less Unpresented cheques (nos. 1922, 1924, 1927, 1928, 1929, 1931, 1932, 1915):	1,922.60

	<u>29,623.63</u>

5. Internal Control and the Management of Risk (Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly).

5.1 The Council has the following Internal Control and Risk Management documents in place:

- Review of Effectiveness of Internal Control
- Internal Control Statement
- Overall Risk Assessment
- Risk Assessment and Management (Financial)

5.2 The Council reviewed and approved the Risk Assessment and Financial Risk Management documents at its meeting on 17 January 2023. The Internal Control Statement was considered and approved by the Council at its meeting on 21 March 2023. The documents provide a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified.

5.3 The Council accordingly complied with Section 4 of 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.

5.4 A particularly important aspect of risk management for many local councils concerns play equipment. In meeting its risk management responsibilities in this respect the Council receives frequent reports on the Play Area and the condition of the play equipment.

5.5 The Council demonstrates good practice by maintaining a document identifying each asset/activity of risk and identifying how each risk item is assessed and the action taken to mitigate the risks involved. The document notes that West Suffolk Council undertakes monthly inspections of the Children's Play Equipment and the Skatepark.

5.6 Insurance was in place during the year of account. The renewal payment of £1,517.22 to Gallagher (insurance brokers) for insurance cover for the year 2022/23 was approved by the Council at its meeting on 4 October 2022 (Minute 04/10/22 refers). The policy covers the period 1 October 2022 to 30 September 2023. The Clerk/RFO confirmed to the Internal Auditor that Employer's Liability cover and Public Liability cover both stand at £10m. and that the Fidelity Guarantee cover stands at £50,000 (which is in accordance with 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. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).

Precept 2022/23: £24,175 (18 January 2022, Minute 18/01/22 refers).

Precept 2023/24: £25,109 (17 January 2023, Minute 17/01/23 refers).

6.1 Detailed budget papers were prepared to ensure Councillors had sufficient information to make an informed decision regarding the 2022/23 Budget and Precept.

6.2. A detailed budget for the year 2023/24 was constructed by the Clerk/RFO and presented to the Council at its meeting on 17 January 2023 to support the Council's consideration of the Precept to be applied.

6.3 The precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.4 Detailed budget papers were prepared to ensure Councillors had sufficient information to make an informed decision regarding the Budget and Precept. The estimates are detailed and can be used effectively for financial control and budgetary control purposes by comparing Actual Expenditure with the Budget.

6.5 As at 31 March 2023 the Council's Overall Reserves stood at £29,623.63 of which the Clerk/RFO confirmed that £14,690 were recorded as Earmarked Reserves as follows:

Play Equipment:	£2,000
Church Wall Repairs:	£1,500
Allotments:	£2,350
Open Spaces Maintenance:	£1,000
Village Hall Maintenance:	£7,840

6.6 The General Reserves (Total Reserves less Earmarked Reserves) accordingly stood at £14,933.63 which was 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).

6.7 As at the 31 March 2023 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

7.1 Income controls were reviewed on a test-check basis. Receipts recorded in the End of Year statements produced by the Clerk/RFO were cross referenced with the bank statements on a test-check basis and were 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 prepared for 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 the year of account by the Suffolk Association of Local Councils (SALC) in accordance with HMRC regulations. Detailed pay slips were produced for Council employees.

9.2 A Contract of Employment dated 19 August 2019 is in place for the Clerk/RFO and confirms a commencement date of 1 September 2019 with NJC Conditions of Service to apply with the starting salary point of SCP 11 for working 8 hours per week (6 hours per week covering Parish Council activities and 2 hours per week covering management of the Fuel Allotment Charity).

9.3 The Clerk/RFO's salary was reviewed by the Council at the meeting held on 18 January 2022 when it was agreed to increase the paid hours and pay rate to 10 hours per week at NJC Scale Point 22 (Minute 18/01/18 refers). That rate of pay was in force as at 31 March 2023.

9.4 With regard to the legislation relating to workplace pensions, the Pensions Regulator confirmed on 19 August 2016 that the Council had completed a declaration of compliance under the Pensions Act 2008 and this was noted by the Council at its meeting on 20 September 2016. A re-declaration of compliance is normally required by the Pensions Regulator every 3 years. The previous Internal Audit Report recommended that the Council should confirm that a re-declaration had since been completed and submitted to the Pensions Regulator in accordance with the

workplace pensions legislation. The Clerk/RFO confirmed that she is in contact with the Pensions Regulator about this matter.

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 An Asset Register is in place and was reviewed and approved by the Council at its meeting on 17 January 2023 (Minute 17/01/94 refers).

10.2 As at 31 March 2022 the Register displayed a total value of £145,209 an increase of £1,460 over the value of £143,749 as at the end of the previous year, 13 March 2022.

10.3 The Register complies with the current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. Values are recorded at original purchase cost or where the original purchase price is unknown, a proxy value is recorded, which will remain unchanged until disposal. A nominal value of £1 is placed on community assets.

10.4 The War Stock and Lloyds Bank Share Certificates owned by the Council were not presented to the Internal Auditor to examine and to verify their existence or their value. The Clerk/RFO advised the Internal Auditor that attempts have been made to locate the Stock and Share Certificates but without success.

10.5 An insurance value has been recorded alongside the assets within the Register.

11. 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*).

11.1 The End-of-Year accounts have been prepared on a Receipts and Payments basis and were found to be in order. Sample audit trails were undertaken and were found to be in order.

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 Clerk/RFO provides financial reports to Council meetings, including balances held at Bank. Councillors are provided with information to enable them to make informed financial decisions.

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

12.3 Cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment. Invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.

12.4 It was noted that not all Cheque Book counterfoils (e.g. nos. 1953, 1954 and 1955) are being initialled by Cheque Signatories (as required by the Council's Financial Regulations Item 6.5).

Recommendation 3: The Council should ensure that when cheques are signed by Signatories, the counterfoils of each cheque are also signed or initialled by cheque signatories to confirm the correctness of the payee and the amount and to meet the financial control requirements listed within the Council's Financial Regulations (item 6.5).

12.5 The Internal Audit report for the previous year (2021/22) was received and approved by the Council at its meeting on 4 October 2022 (Minute 04/10/53 refers).

12.6 The Council formally appointed the Internal Auditor at its meeting on 21 March 2023 (Minute 21/03/116 refers).

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

13.1 An External Audit was required in respect of the year 2021/22 as the Council's income level in the year had exceeded £25,000.

13.2 The Clerk/RFO confirmed that the Certificate and Report from the External Auditor for the 2022/23 year was received by the Council at its meeting on 21 March 2023.

13.3 An External Audit, to be undertaken by PKF Littlejohn LLP, will be required for the 2022/23 year as the Council's level of income and expenditure in the year exceeded £25,000.

14. Responsibilities as a Sole Trustee (Regarding the Council's role and responsibilities under the Charity Acts, submission of returns to the Charity Commission).

14.1 The Council is Sole Trustee to Fornham All Saints Charities (Registration No. 212682). The Charity Commission records the Charity as a Village Fuel Allotment Charity as specified under an early Nineteenth Century Enclosure Award (poor relief to provide winter fuel). The reporting to the Charity Commission is up to date. The Annual Return/Annual Update for the year ended 30 April 2022 is recorded as being received on time by the Charity Commission on 18 September 2022.

14.2 The Clerk/RFO confirmed that a short report, as required, is presented to meetings of the Council regarding reported or emerging issues, empty plots and new tenancies issued and that both Councillors and plot holders attend the AGM each year.

Recommendation 4: The Council's contact address details held by the Charity Commission are out-of-date as they record the address of a previous Clerk. Reference can be made to the Commission's website at:

<https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/212682/contact-information>

15. Publication Requirements.

15.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website by 1 July each year:

Notice of the period for the Exercise of Public Rights
AGAR - Sections 1 and 2.

15.2 The Council was required to approve Sections 1 and 2 of the AGAR 2021/22 and publish the documents on the Council's website no later than 1 July 2022. The Sections of the AGAR were approved, signed and dated by the Chairman and Clerk/RFO on 19 July 2022. The website displays the date of publication of the AGAR Sections 1 and 2 as 31 October 2022,

15.3 In accordance with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 the Council's accounting records for the financial year ending 31 March 2022 must have been available for inspection by any person interested, during a period of 30 working days set by the authority and must have included the first 10 working days of July 2022. The Council's date of public inspection began on 1 July 2022 but that was prior to the date of the Council's approval of the accounts on 19 July 2022.

Recommendation 5: Each year the Full Council should formally approve the Accounts no later than 30 June and comply with the legislative requirements regarding the approval of the Accounts, the publication of the Accounts with supporting information as well as meeting the requirements for the Public Rights of Inspection.

15.4 Following the completion of the External Audit, local councils must publish each year the following on a publicly accessible website by 30 September each year:

Notice of Conclusion of Audit
AGAR - Section 3
AGAR - Sections 1 and 2 (if amended following the Limited Assurance Review).

15.5 The External Auditors were unable to complete their work before the end of September 2022 and accordingly the Council was unable to meet the statutory requirement of publishing their report by that date (an Interim External Audit Report was issued on 28 September 2022 and has been published on the website). The Clerk/RFO confirmed to the Internal Auditor that the Final Copy of Section 3 of the AGAR (the External Audit Report and Certificate) was reported to Council at its meeting on 21 March 2023 but was not Minuted or published on the website.

Recommendation 6: The Final Copy of Section 3 of the AGAR 2021/22 (the External Audit Report and Certificate 2021/22) should be published on the Council's website as soon as practicably possible.

16. Additional Comments.

16.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of this Internal Audit Review.