

## **Report to Parham 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 Accounts for the year confirm the following:

*Total Receipts for the year: £9,628.03*  
*Total Payments in the year: £8,778,43*  
*Total Reserves at year-end: £22,529.09 (of which £21,436.65 is earmarked/  
restricted)*

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for display 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: £21,679</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £6,300</i>
<i>Total Other Receipts:</i>	<i>Box 3: £3,328</i>
<i>Staff Costs:</i>	<i>Box 4: £4,462</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £4,316</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £22,529</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £22,529</i>
<i>Total fixed assets:</i>	<i>Box 9: £12,681</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 2023/24 within the AGAR.

1.6 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 23 May 2023. The first item of Parish Council business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 The Council formally re-appointed Mrs Lydia Kirk as the Council's RFO at its meeting on 23 May 2023 and nominated Councillors to act as the Council's Representatives.

2.3 The Council has Standing Orders in place and reflect the model Standing Orders published by the National Association of Local Councils (NALC). The Standing Orders were reviewed, minor amendments made and approved by the Council at its meeting on 23 May 2023.

2.4 Financial Regulations are in place and were reviewed, minor amendments made and approved by the Council at its meeting on 23 May 2023. NALC has recently published new model Financial Regulations for local councils to consider and adopt as required.

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

2.6 The Council demonstrates good financial and management practice by maintaining a range of formal Policies, Procedures and Protocols which are published on the Council's website. These include a Freedom of Information Policy and a Publication Scheme, Equal Opportunity Procedure, Disciplinary Procedure, Grievance Procedure and a Lone Worker Policy.

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 ZA240629, expiring 14 March 2025). The Council's Data Protection Policy was reviewed and approved by the Council at its meeting on 23 May 2023 and a copy has been published on the Council's website.

2.8 The Council re-adopted the Suffolk Local Code of Conduct on 23 May 2023 and a copy of the Code has been published on the Council's website.

2.9 A Website Accessibility Statement has been published by the website host Suffolk Cloud on the Council's website to assist compliance with the Website Accessibility Regulations.

**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 facilitates an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of transactions was examined and compared to the supporting invoices/vouchers and was found to be in order.

3.3 No amounts are recorded as paid under Section 137 of the Local Government Act 1972. There is a column in the Cashbook Spreadsheet for payments under Section 137 to be separately recorded.

3.4 VAT payments are tracked and separately identified to assist re-claims to HMRC. The re-claim to HMRC for £460.80 VAT paid during the period March 2023 to January 2024 was submitted to HMRC on 24 February 2024 and received at bank on 28 February 2024.

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.

3.6 The Clerk/RFO has to complete a Community Infrastructure Levy (CIL) Fund Annual Report for the year 2023/24 for publication on the Council's website and submission to the District Council by 31 December 2024.

3.7 At the meeting on 9 January 2024 the Council agreed to subscribe to Scribe software at a cost of £120 per annum.

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

4.1 Bank reconciliations were presented by the Clerk/RFO to meetings of the Council during the 2023/24 year of account.

4.2 The Bank Reconciliation as at 31 March 2024 agreed with the bank statements for the Barclays Current Account (£330.38) and the Barclays Savings Account (£22,198.71) as at 31 March 2024 and agreed with the End-of-Year 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 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 Statement of Internal Control was reviewed by the Council at its meeting on 23 May 2023 and was considered to be fit for purpose and effective (Minute 12d refers).

6.2 The Council's Risk Assessment (Physical Assets) document was reviewed by the Council at its meeting on 23 May 2023 (Minute 12e refers). The Financial Risk Assessment was also reviewed and approved at the meeting with no changes required (Minute 12f refers).

6.3 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.

6.4 Insurance was in place for the year of account. The Council reviewed the insurance policy at its meeting on 23 May 2023 and agreed that it remained fit for the Council's needs (Minute 12h refers).

6.5 The Clerk/RFO reported to the Council on the insurance renewal at the meeting held on 12 September 2023. The Council has a long-term agreement (until September 2025) with BHIB's quotation (underwritten by Aviva) at a cost of £409.42 for the period ending 30 September 2024. The Council confirmed that the renewal policy was considered fit for the Council's needs

6.6 Employer's Liability cover and Public Liability cover each stand at £10m. The Fraud and Dishonesty (Fidelity Guarantee) cover stands at £150,000, 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 2023/24: £6,300.00

Precept 2024/25: £7,000.00

7.1 The Budget and Precept for 2023/24 were agreed at the meeting of the Full Council and the precept decision and amount has been clearly Minuted (Council's meeting on 8 November 2022, Minutes 11 and 12 refer).

7.2 Similarly, the Budget for 2024/25 was discussed and agreed by the Council at its meeting on 9 January 2024. Noting the low level of general reserves, the Council agreed to request a precept of £7,000 for 2024/25, equating to a 10.57% increase to a Band D property due to the decreasing number of chargeable properties in the village. This increase would amount to £5.50 per annum for a Band D property. The Budget and Precept for 2024/25 were agreed in Full Council and the Precept decision and amount has been clearly Minuted (Council's meeting on 9 January 2024, Minute 11 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. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

7.4 Examination of the accounts and supporting documentation confirmed that the Council prepares detailed estimates of the annual budget and of receipts and payments. The estimates were used effectively for financial control and budgetary control purposes during 2023/24. The Clerk/RFO presented to Council year-to-date reports on payments and receipts, detailing spending compared to budget.

7.5 Overall Reserves at the year-end totalled £22,529.09, of which £21,436.65 is earmarked or restricted as follows:

Election Fund:	£206.18
Closed Churchyard:	£42.00
Emergency Fund:	£900.00
Asset Maintenance:	£460.00
Biodiversity Fund:	£18,669.90
CIL Fund (restricted):	£1,158.57

7.6 The General Reserves (Overall Reserves less Earmarked Reserves) totalled £1,092.44 as at 31 March 2024 (15.5 % or slightly less than 2 months equivalent to the 2024/25 Precept) which is lower than the generally accepted position that non-earmarked revenue reserves should usually be between 3 and 12 twelve months of Net Revenue Expenditure/Precept (the JPAG Proper Practices Guide, Item 5.33 refers). However, as at the 31 March 2024 the Council maintained sufficient Overall 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*).**

8.1 Receipts are reported to Council and listed in the Minutes of the Council's meetings. Total Receipts of £9,628,03 recorded in the Cashbook Spreadsheet consisted of Precept (£6,300), CIL (£440.39), VAT refund (£460.80), Biodiversity Funding from Rural Payments Agency (£1,949), Interest Received (£238.30) and a Refund (£239.54).

8.2 It should be noted that refunds are not income per se and accordingly the accounting practice is for them to be recorded as deductions from Payments in the year.

## **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 out 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, Parham Parish Council can be designated as a 'Smaller Council'.

10.2 The Council's website is: <http://parham.suffolk.cloud/parham-parish-council/>

10.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. Payments included within published Minutes of Council meetings.*
- 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 within 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 in compliance with 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, Dates of Inspection, Details of Person to contact to view the accounts and the Details of the person making the announcement. However, the form published was for use only by a Council subjected to an External Audit (the Council was an Exempt Authority and not subject to an external review).

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 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 Payroll Services are being operated by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. Detailed payslips are produced; PAYE is in operation with payments being made to HMRC. 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. A copy of the End-of-Year form P60 for the Clerk/RFO was presented to Internal Audit.

11.2 At the meeting on 23 May 2023 the Council reviewed the Clerk/RFO's rate of pay in comparison to that paid by comparable local parish councils. It was agreed that the current scales needed revision. The Council agreed to increase the pay scale to LC2 (24-28) with a starting scale point of 24, to be backdated from 1 April 2023.



11.3 At its meeting on 7 November 2023 the Council was advised by the Clerk/RFO of the national salary award to local government officers and noted that the new rates of pay under the NJC/NALC agreement are to be backdated to 1 April 2023.

11.4 With regard to the legislation attached to workplace pensions, the Clerk/RFO reported to the Council on 12 September 2023 that the letter from the Pensions Regulator regarding auto-enrolment would be actioned within the prescribed period. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer under the Pensions Act 2008 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 Assets Register is in place and was reviewed by the Council at its meeting on 23 May 2023. The Register displays each asset at its original purchase cost (a nominal value of £1 is displayed in respect of Community Assets).

12.2 The total value of the Assets Register as at 31 March 2024 stood at of £12,680.50, unchanged from the end of the previous year. The value as at 31 March 2024 (rounded for purposes of the Return) has correctly been placed in Box 9 of Section 2 of the AGAR 2023/24.

**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. Identifying VAT payments and re-claims. 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 and Councillors are provided with information to enable them to make informed decisions. The Council's bank balances, reserved fund balances, bank statements and bank reconciliations are regularly reviewed by the Council during the year and Minuted to confirm that the review has taken place.

13.2 The Council demonstrates good financial practice through the appointment of an Examining Councillor who undertakes routine examination of bank statements and confirmation of the bank reconciliations prepared by the Clerk/RFO. The Council's Minutes record that bank statements and bank reconciliations are reviewed and signed off by the appointed Examining Councillor.

13.3 Payments and Receipts are listed in the Council's Minutes as part of the overall financial control framework. The Year-to-Date Receipts and Payments Account details are presented to the Council by the Clerk/RFO.

13.4 Online banking is in place. At the meeting on 14 September 2021 the Council agreed that the Clerk/RFO should have 'view only' access, and that the Clerk/RFO would send approved invoices to Councillor mandates, one of whom would

initiate the payment which would then be authorised by a second mandate (Minute 7f refers).

13.5 The Internal Audit confirmed that:

(a) Cashbook reference numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

(b) Invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.

13.6 The Council reviewed the Internal Audit report for the previous year (2022/23) at the meeting held on 23 May 2023. No issues of concern had been raised in the Report.

13.7 The Internal Auditor for the 2023/24 year was re-appointed by the Council at the meeting held on 23 May 2023.

**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. At its meeting on 23 May 2023 the Council agreed to complete the Certificate of Exemption from a Limited Assurance Review for that year. The Clerk/RFO reported to Council on 11 July 2023 that the External Auditors had confirmed their receipt of the Certificate of Exemption for the year ending 31 March 2023, which accordingly concluded the 2022/23 audit requirements.

14.2 Similarly, as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2024, the Council is able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. The Council can accordingly prepare a Certificate of Exemption from a Limited Assurance Review for the year 2023/24, for submission within the due date to PKF Littlejohn LLP.

**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.



**Trevor Brown, CPFA**

**Internal Auditor**

**24 May 2024**