

## **Report to Little Blakenham 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 has confirmed that the Council made significant progress during the 2022/23 year in terms of achieving a satisfactory standard of financial administration and control. The Council formally appointed Mrs Jennie Blackburn as Clerk on 18 January 2022 and since that time the Council has achieved a number of step-change improvements including ensuring that the Council is meeting legislative requirements relating to the approval of accounts and the timely publication of information and data.

1.2 The Clerk is to be commended in the prompt action taken following her appointment to secure a sound basis for the Council to move forward during 2022/23 in terms of its overall financial administration. In the role of the Council's Responsible Financial Officer (RFO), the Clerk is satisfactorily undertaking the administration of the Council's financial affairs and is producing appropriate financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year display the following:

*Total Receipts for the year: £13,038.65*  
*Total Payments in the year: £12,122.10*  
*Total Reserves at year-end: £9,637.45*

1.4 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 2022/23 (rounded for purposes of the Return):

|  |                       |
|--|-----------------------|
| <i>Balances at beginning of year (1 April 2022):</i> | <i>Box 1: £8,721</i>  |
| <i>Annual Precept 2022/23:</i>                       | <i>Box 2: £6,828</i>  |
| <i>Total Other Receipts:</i>                         | <i>Box 3: £6,211</i>  |
| <i>Staff Costs:</i>                                  | <i>Box 4: £3,698</i>  |
| <i>Loan interest/capital repayments:</i>             | <i>Box 5: nil</i>     |
| <i>All Other payments:</i>                           | <i>Box 6: £8,424</i>  |
| <i>Balances carried forward (31 March 2023):</i>     | <i>Box 7: £9,638</i>  |
| <i>Total cash/short-term investments:</i>            | <i>Box 8: £9,638</i>  |
| <i>Total fixed assets:</i>                           | <i>Box 9: £60,663</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 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 were reviewed, approved and adopted by the Council at the meeting on 21 March 2023 (Minute LB114/22/23b 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 and were also reviewed, approved and adopted by the Council at the meeting on 21 March 2023 (Minute LB114/22/23b 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 (c) can be included at the Council's next review of Financial Regulations.

2.4 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.

2.5 Mrs Jennie Blackburn was formally appointed as Clerk and Responsible Financial Officer (RFO) by the Council at its meeting on 18 January 2022 and since that time has achieved step change improvements in the overall financial administration and control being exercised 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 ZA172924, expiring 17 April 2023). The registration with the ICO displays up to date contact information.

2.7 The Council adopted a Data Protection and Information Security Policy and a Data Retention Policy at its meeting on 15 March 2022 to assist in meeting the requirements of the General Data Protection Regulations (GDPR). The Policies have been published on the Council's website. **Privacy Policies have also been published on the Council's website (dated September 2018) and these require updating, including the contact details which currently relate to a previous Clerk/RFO.**

2.8 At its meeting on 15 March 2022 the Council approved and adopted a Publications Scheme to assist compliance with Freedom of Information legislation. Similarly, in meeting its overall governance responsibilities the Council considered and adopted a Safeguarding Policy and a Diversity Policy at the meeting on 21 March 2023.

2.9 At the meeting on 9 May 2022 the Council received the new Local Government Association (LGA) Model Councillor Code of Conduct. The Council agreed to adopt the Code, which details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.10 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.

2.11 The National Association of Local Councils (NALC) has recently recommended local councils to consider registering under an official .gov.uk domain name with councillor email addresses linked to that domain name. This matter was considered by the Council at its meeting on 21 March 2023 and it was resolved to retain the existing email addresses (Minute LB112/22/23 a refers).

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

3.2 VAT payments are tracked and identified within the Spreadsheet to assist re-claims to HMRC. The re-claim to HMRC for £468.27 VAT paid in the year 2021/22 was received at bank on 17 May 2022 and reported to Council on 19 July 2022. A re-claim of £999.63 for the VAT paid in the year 2022/23 was submitted to HMRC on 12 April 2023.

3.3 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 publication on the Council's website.

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

4.1 The Clerk/RFO currently provides detailed financial information to the Council. However, at the meetings of the Council on 17 May 2022 and 19 July 2022 the Clerk/RFO reported that she still could not access the Council's Bank Accounts to confirm the current balance or construct a bank reconciliation. A

completed/confirmed Bank Reconciliation was not presented to the Council in the 2022/23 year of account until the meeting on 11 October 2022

4.2 The Lloyds Bank Current Account dated 31 March 2023 (£4,637.45) and the Lloyds Reserves (Savings) Account dated 31 March 2023 (£5,746.06) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation, taking into account the two unrepresented cheques at 31 March 2023 (cheque 000961 for £76.80 and cheque 000968 for £669.26).

**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 21 March 2023 (Minute LB114/22/23a 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 insurance premium payment of £879.39 to Hiscox Insurance for the forthcoming year was approved by the Council on 19 July 2022. The Employer's Liability cover and Public Liability cover each stand at £10m. The Fidelity Guarantee (Fraud and Dishonesty) 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.

6.4 At its meeting on 21 March 2023 the Council reviewed and adopted a Health and Safety Policy to assist in meeting its risk management responsibilities. At the meeting on 21 March 2023 the Council also received the Annual Play Equipment Inspection Report provided by Mid Suffolk District Council and noted that all issues with the equipment had been assessed as being low risk.

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

Precept 2022/23: £6,828 (18 January 2022, Minute LB9/21/22e)

Precept 2023/24: £7,150 (17 January 2023, Minute LB98/22/23f refers)

7.1 The Draft Budget for 2022/23 was considered and approved by the Council on 18 January 2022 (Minute LB9/21/22d refers). The Precept was also considered and approved by the Council at the meeting. The precept decision and amount have been clearly Minuted.

7.2 Similarly, the Draft Budget for 2023/24 was considered and approved by the Council on 15 November 2022. The Final Budget and Precept were approved by the Council at its meeting on 17 January 2023.

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 year 2022/23.

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 The Overall Reserves as at the year-end 31 March 2023 totalled £9,637.45, all of which were designated as General Reserves. The Council is maintaining 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 The Receipts in the year consisted of Precept (£6,828), Grants (£5,000), VAT Reclaim (£468.27), Bank Interest (£9.98) and Other Income (£732,40)

8.2 Income recorded in the Cashbook was cross referenced with the Council's Bank Statements on a sample basis and 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 payments made by cheque for expenses incurred.

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

10.1 Under the provisions of the Transparency Code, Little Blakenham Parish Council can be designated as a 'Smaller Council'.

The Council's website is: <https://littleblakenham.suffolk.cloud/>

10.2 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. Payments listed on website.*
- b) *Annual Governance Statement: 2021/22 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2021/22 AGAR Annual Return, Section Two. Published on website.*
- d) *Annual Internal Audit report within 2021/22 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.*

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

10.4 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 2021/22 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. However, the Heading of the Notice refers to the year ended 31 March 2021 (and not the year ended 31 March 2022) and Item 2 of the Notice similarly states documents are available for the year ended 31 March 2021 (and not 31 March 2022).

10.5 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including bank reconciliation and analysis of variances) were confirmed at the date of the audit 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 Payroll Services are operated by the Suffolk Association of Local Councils on behalf of the Council in accordance with HMRC requirements.

11.2 A Contract of Employment dated 18 January 2022 is in place between the Council and the Clerk/RFO and confirms that the employment commenced on 18 January 2022 with a starting salary at SCP 22 for (normally) 4 hours per week and this was in force as at 31 March 2023.

11.3 A monthly Office Allowance is payable to the Clerk/RFO in accordance with the amount recommended by SALC.

11.4 With regard to the workplace pensions legislation, at its meeting on 17 November 2020 the Council submitted a re-declaration to the Pensions Regulator demonstrating they are aware of their duties. (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). The Contract of Employment confirms that the Clerk/RFO does not become a member of the workplace pension scheme automatically but has the option to join the scheme should she choose to do so.

**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 reviewed and approved by the Council at its Annual Meeting on 17 May 2022. The total value of £60,662.61 as at 31 March 2023 is a net decrease of £381.45 over the value of £61,044.06 at the end of the previous year and reflects the acquisition of a Fire Extinguisher (£55) and the disposal of an Office Cabinet (£53.97), Laptop and sleeve (£302.49) and Office Printer (£79.99) in the year of account.

12.2 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 nominal/community value in appropriate cases. The value as at 31 March 2023 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 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 listings of receipts and payments and the balance in the accounts.

13.2. Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework. Payments were made by cheque in the year. Cheque counterfoils were initialled by signatories in compliance with Financial Regulation 6.5.

13.3 The Internal Audit Report for the previous year, 2021/22 was received and noted by the Council at its meeting on 21 June 2022. The Report had put forward the recommendation that *'The Council should obtain from Lloyds Bank, as soon as practicably possible, formal bank statements to evidence the amounts currently held in its Bank Accounts and to support the entries in the Council's End of Year*

Accounts'. Formal Bank Reconciliations were presented to the Council with effect from the meeting on 11 October 2022.

13.4 The Council appointed the Internal Auditor for the 2022/23 year at its meeting on 21 March 2023 (Minute LB113/22/23e refers).

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

14.1 At the Council's meeting on 15 March 2022 the Clerk/RFO presented the External Audit Report for 2020/21 and reported that due to the late Internal and External Audits for 2020/21 an External Audit would be required for the year 2021/22.

14.2 The External Audit Report and Certificate for the year 2021/22 was dated 28 September 2022 and was received and noted by the Council at its meeting on 11 October 2022. A Qualified Report was issued and stated that *'Information has come to our attention from the internal auditor highlighting the fact that Notice of conclusion of audit and external auditor report and certificate were not published on the authority's website by the dates specified in the Accounts and Audit Regulations 2015 and not all documentation was published in accordance with the transparency code requirements'*.

14.3 The External Auditors also commented that *'the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2022/23 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2022/23 and ensure that it makes proper provision for the exercise of public rights during 2023/24'*

14.4 For the year 2022/23 the Council may 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 21 March 2023 the Council noted that these arrangements would apply for the 2022/23 year (Minute LB112/22/23e refers).

**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 presenting the Council's documents for audit in a very careful and orderly manner.

*Trevor Brown*

**Trevor Brown, CPFA  
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**28 April 2023**

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