

Report to Little Blakenham 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. 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 overall 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 display the following:

Total Receipts for the year: £10,048.65
Total Payments in the year: £14,714.70
Total Reserves at year-end: £4,971.40

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: £9,638</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £7,150</i>
<i>Total Other Receipts:</i>	<i>Box 3: £2,898</i>
<i>Staff Costs:</i>	<i>Box 4: £3,667</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £11,047</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £4,972</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £4,972</i>
<i>Total fixed assets:</i>	<i>Box 9: £65,989</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 16 May 2023. 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 19 March 2024 (Minute LB101/23/24b 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 at the meeting on 21 March 2023 (Minute LB114/22/23b refers). The Council noted at its meeting on 19 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 resolved to adopt the General Power of Competence (GPoC) at its meeting on 16 May 2023. Having declared that it was an eligible Council to use the GPoC, having at least two-thirds elected Councillors and a suitably qualified Clerk, the adoption of the Power was agreed (Minute LB18/23/24 refers). The GPoC continues until the full Council election in May 2027.

2.5 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.

2.6 A Clerk and Responsible Financial Officer (RFO) is in position. Mrs Jennie Blackburn was formally appointed as Clerk and RFO by the Council at its meeting on 18 January 2022.

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 ZA172924, expiring 17 April 2025).

2.8 The Council has a Data Protection and Information Security Policy, a Privacy Notice and a Data Retention Policy in place to assist in meeting the requirements of the General Data Protection Regulations (GDPR). The Policies have been published on the Council's website.

2.9 The Council has a Publications Scheme in place to assist compliance with Freedom of Information legislation. Similarly, in meeting its overall governance responsibilities the Council has adopted a Safeguarding Policy, Diversity Policy and a Health and Safety Policy.

2.10 The Council had 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.

2.11 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.

2.12 NALC has 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 £999.63 VAT paid in the year 2022/23 was received at bank on 10 May 2023. A re-claim of £554.65 for the VAT paid in the year 2023/24 was submitted to HMRC on 10 April 2024.

3.3 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 £nil brought forward from previous years, the CIL Receipts of £559.60 in the year and £nil CIL Payments. A balance of £559.60 was accordingly retained at the end of the year as a Restricted Reserve.

3.4 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 provides detailed financial information to the Council including an up-to-date bank reconciliation.

4.2 The Lloyds Bank Current Account as at 31 March 2024 (£4,105.51) and the Lloyds Reserves (Savings) Account dated 31 March 2024 (£2,804.48) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation, taking into account an amount of £1,938.59 being the value of 6 uncleared BACs

payments (the invoices/vouchers listed as 66 and 68 to 72 inclusive in the Cashbook Spreadsheet).

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 19 March 2024 (Minute LB101/23/24a 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 The insurance premium payment of £879.39 to Hiscox Insurance for the year 26 July 2022 to 25 July 2023 was approved by the Council on 19 July 2022. The Employer's Liability cover and Public Liability cover each stood at £10m. The Fidelity Guarantee (Fraud and Dishonesty) cover stood at £150,000, The policy was prescribed in the Policy Schedule as 'continuous cover until the policy is cancelled'. The Policy was not cancelled by the Council but lapsed without the Council becoming aware. Accordingly, once this came to light, the Council entered into a new policy with Zurich Municipal at a lower annual cost of £780.27 with enhanced cover for Public Liability (£12m). The cover for Fidelity Guarantee (£250,000) 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. Employer's Liability cover remains at £10m.

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 its meeting on 21 March 2023 the Council reviewed and adopted a Health and Safety Policy to assist in meeting its risk management responsibilities.

6.6 At the meeting on 21 March 2023 the Council also received the Annual Play Equipment Inspection Report provided by Mid Suffolk District Council (MSDC) and noted that all issues with the equipment had been assessed as being low risk. The Clerk/RFO confirmed that a RoSPA standard play inspection had not been undertaken during the year 2023/24 but one is shortly to be arranged with MSDC.

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

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

Precept 2024/25: £7,660 (23 January 2024, Minute LB82/23/24f refers).

7.1 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.

7.2 Similarly, the Final Budget for 2024/25 was considered and approved by the Council on 23 January 2024. The Precept was also considered and approved by the Council at the meeting. The precept decision and amount have been clearly Minuted.

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 The Overall Reserves as at the year-end 31 March 2023 totalled £4,971.40, of which £559.60 is a CIL Restricted Reserve. No Earmarked Reserves are recorded.

7.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2024 accordingly totalled £4,411.80 (the equivalent of 57% or 7 months of the Precepted amount for 2024/25) and is within 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).

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

8.1 The total Receipts of £10,048.65 in the year consisted of Precept (£7,150), CIL (£559.60), Grants (£300), VAT Reclaim (£999.63), Bank Interest (£58.42) and Other Income (£981.00)

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 on-line 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: 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 within 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.*

10.3 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 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.

10.5 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 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. PAYE is in operation and detailed pay slips are produced.

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 2024. 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.

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

11.4 At the meeting on 23 January 2024 the Council noted that SALC had informed local councils of the JNC local government officers' annual increase in salary, which this year was a flat sum of £1,925 pro rata. The Council approved the increase which would be backdated to 1 April 2023.

11.5 At the meeting on 21 November 2023 the Council confirmed that the Village Hall Cleaner's pay would be raised to the National Minimum Wage with back pay to April 2023. The Council noted on 19 March 2024 that the National Living Wage would also be increased as from 1 April 2024. The Council agreed that the Cleaner's wage would in future be automatically increased in line with the National Living Wage.

11.6 The Pensions Regulator confirmed that the Council had submitted a re-declaration of compliance on 5 December 2023 to meet 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 reviewed and approved by the Council at its Annual Meeting on 16 May 2023. The total value of £65,988.61 as at 31 March 2024 is an increase of £5,326.00 over the value of £60,662.61 at the end of the previous year and reflects the investment in the Village Sign 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 2024 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 its financial position, 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.

13.3 Payments were largely 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.) The Clerk/RFO confirmed to the Internal Auditor that currently just one Councillor authorises the payments online. The second authorising Councillor should shortly be fully set up for this duty at which point the authorisation process will be changed to three (the Service Administrator and two Councillors).

13.4 The Clerk/RFO confirmed that only two payments were made by cheque in the 2023/24 year (cheques 000969 and 000970 both dated 10 May 2023) prior to the setting up of the online banking arrangements.

13.5 The Internal Audit Report for the previous year, 2022/23 was received and noted by the Council at its meeting on 16 May 2023.

13.6 The Council appointed the Internal Auditor for the 2023/24 year at its meeting on 19 March 2024 (Minute LB100/23/24d 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 16 May 2023 the Council approved the Certificate of Exemption from a Limited Assurance Review.

14.2 For the year 2023/24 the Council may similarly apply for Exemption from a Limited Assurance Review as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account. At its meeting on 19 March 2024 the Council noted that these arrangements would apply for the 2023/24 year.

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 would particularly commend her for the careful presentation of the documents for the audit.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

30 April 2024