

Report to Buxhall Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2021

1. Introduction and Summary.

1.1 The Internal Audit for the year 2020/21 was undertaken during a period when many restrictions were still in place following the covid-19 pandemic; there were continuing restrictions on people meeting and working away from home and social distancing was still in place.

1.2 Accordingly, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Tina Newell, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were completed accordingly. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in the reports in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 The Internal Audit work undertaken confirmed that during the 2020/21 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.

1.4 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's 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.

1.5 The Accounts for the year confirm the following:

Total Receipts for the year: £56,624.05

Total Payments in the year: £78,496.34

Total Reserves at year-end: £90,436.52 (of which £86,715.79 is earmarked)

1.6 A Draft Annual Governance and Accountability Return (AGAR) has been completed by the Clerk/RFO and the following figures included in Section 2 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £112,309</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £4,618</i>
<i>Total Other Receipts:</i>	<i>Box 3: £52,006</i>
<i>Staff Costs:</i>	<i>Box 4: £2,352</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £76,145</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £90,436</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £90,436</i>
<i>Total fixed assets:</i>	<i>Box 9: £105,979</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.7 Sections One and Two of the AGAR are to be approved at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 within the AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the agreed schedule of work. 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 As a result of the covid-19 pandemic, at the meeting held on 15 April 2020 the Council agreed to suspend the Annual Parish Council Meeting as allowed under the 2020 Regulations which came into force on 4 April 2020 (Minute 150420/5 refers). Following the changes in legislation, the Council's governance arrangements continue to be in place until the next Annual Parish Council meeting scheduled for May 2021. The Council continued to meet during the year 2020/21 through video-conferencing using the Zoom platform.

2.2 Standing Orders and Financial Regulations are in place and both were reviewed and agreed by the Council at its meeting on 15 April 2020 (Minute 150420/23 refers). On 7 September 2020 the Clerk/RFO reported upon updates to the Standing Orders and Financial Regulations from the National Association of Local Councils (NALC) and the Council agreed to accept and adopt them (Minute 070920/21 refers).

2.3 At the meeting on 8 June 2020 the Council confirmed the bank account signatories including the authorisation for on-line banking. Similarly, a non-signatory Councillor was nominated to verify the monthly bank reconciliations (Minutes 080620/11 and /12 refer).

2.4 As part of its overall governance arrangements, at its meeting on 8 June 2020 the Council appointed Councillors to its Working Parties

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 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 ZA125286 refers, expiring 27 July 2021).

2.7 The Council has a Model Publication Scheme and Guide to Information as required under the Freedom of Information Act and has published the documents on the Council's website.

2.8 The Council demonstrates good practice by maintaining a wide range of formal Policies and Procedures. At its meeting on 7 September 2020 the Council noted that a full review of the Council's Policies and Procedures had been carried out by the Policy and Procedures Working Party (Minute 070920/22 refers). The Council agreed to accept the Working Party's recommendations and the following policies and procedures were approved and adopted:

Accessibility Statement
Complaints Procedure
Conflict of Interest Policy
Document and Electronic Data Retention Policy
Electronic Communication and Social Media Policy
Employment Policy
Equality Statement
Filming, Videoing, Photography and Audio Recording Policy
General Contact Privacy Notice
General Data Protection Regulations (GDPR) Policy
Health and Safety Policy
Internet Banking Policy
Lawful Basis for Processing Data Policy
Lone Worker Policy
Policy and Procedure for Handling Requests for Information
Safeguarding Policy
Subject Access Request
Training Policy.

The above policies, procedures and protocols have been published on the Council's website.

2.9 The Council made appropriate preparations to ensure that the new website accessibility regulations were complied with no later than 23 September 2020. The Council has a Website Accessibility Statement in place and the Clerk/RFO confirmed to Council on 12 October 2020 that accessibility checks had been carried out on the website and no accessibility errors had been identified (Minute 121020/25 refers).

2.10 The Council demonstrated good practice by formally re-adopting the Suffolk Local Code of Conduct at its meeting on 8 June 2020 (Minute 080620/44 refers). The

Code details the requirements and responsibilities placed upon each individual Councillor. The Council noted at its meeting on 6 July 2020 that the LGA and NALC were consulting local councils on a new Model Code of Conduct and Councillors agreed to submit comments individually (Minute 060720/26 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 is very 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 with the supporting invoices and found to be in order. The Clerk/RFO has confirmed to the Internal Auditor that all payments made in 2020/21 were supported by invoices/vouchers.

3.2 No payments were recorded as having been made under the Local Government Act 1972 Section 137 in the year of account. VAT payments are tracked and identified within the End-of-Year Accounts.

3.3 Re-claims for the amounts of VAT paid are regularly submitted to HMRC. The re-claim for the amount of £794.35 VAT paid during the year 2019/20 is recorded as being received on 20 May 2020. Similarly, a refund of £5,710.58 is recorded as being received from HMRC on 15 January 2021 and £10,109.90 being received on 5 February 2021.

3.4 Major work was undertaken by Kompan during the year of account regarding the installation of new Play Equipment. The Clerk/RFO has constructed a statement detailing the sums received in the form of grants, the contribution from the Parish Council, the invoices received and the VAT recovered from HMRC.

3.5 The Clerk/RFO has constructed a Statement of Variances (explaining significant differences in receipts and payments between the years 2019/20 and 2020/21) which will be submitted to the External Auditors and published on the Council's website.

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

4.1 At the meeting on 7 September 2020 the Council agreed the recommendations from the Policy and Risk Assessment Working Group following its review of the Council's Risk Assessments. The documentation was adopted by the Council (Minute 070920/21 refers). The documents are comprehensive and clearly identify each risk involved, whether it is high, medium or low risk, the action being taken to manage and mitigate the risk and the review processes in place.

4.2 At its meeting on 7 December 2020 the Council noted that a review of the Internal Control procedures had been carried out by the nominated Councillor. The Council resolved to accept the review with no actions required (Minute 071220/30 refers).

4.3 Similarly, at the meeting held on 8 March 2021 the Council noted that a review of Internal Control procedures had been completed by the nominated Councillor and the Council accepted the review with no actions required (Minute 080321/24 refers). The meeting also noted that a review of the Council's risk assessments had been carried out by a Working Party and the Council resolved to accept the review with no changes being made (Minute 080321/25 refers).

4.4 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require 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 the management of risk, with the review suitably Minuted.

4.5. As part of the risk management arrangements relating to the newly installed Play Equipment, the Council resolved on 8 June 2020 to accept the offer from Kompan to inspect all new equipment items post installation (Minute 080620/51 refers). The Council noted on 14 August 2020 that Phase One of the Playingfield regeneration had been completed and confirmed receipt of the Play Inspection Report and the Practical Completion Certificate from Kompan (Minute 140820/06 refers).

4.6 In addition, at its meeting on 7 September 2020 the Council agreed to adopt a checklist for the Playingfield and the play equipment and nominated Councillors to assist the Clerk/RFO to carry out weekly checks on a rota basis with the completed checklists being retained by the Clerk/RFO for record/insurance purposes (Minute 070920/47 refers).

4.7 Insurance was in place for the year of account. At the meeting on 6 July 2020 the Clerk/RFO reported that Fidelity Guarantee insurance cover had been increased from £115,000 to £250,000 to cover the increased level of reserves held (Minute 060720/12 refers).

4.8 Insurance renewal quotations were considered by the Council at its meeting on 7 September 2020. As the renewal date was before the next Full Council meeting and all quotations had yet to be received, the Council delegated authority to the Clerk/RFO to renew the insurance for a period of one year (Minute 070920/42 refers).

4.9 At the meeting on 12 October 2020 the Clerk/RFO confirmed that the Council's insurance had been renewed with Royal Sun Alliance using Community Action Suffolk (CAS) as the broker under a 3-year long-term agreement (at a cost of £402.19 p.a. (Minute 121020/15 refers). The cover includes All Risks up to £100,000 and Fidelity Guarantee cover up to £250,000, 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. The Employer's Liability cover and Public Liability cover under the policy each stands at £10m.

5. Publication Requirements and the Transparency Code (Compliance for Smaller Councils with income/expenditure under £25,000)

5.1 The Transparency Code for smaller Councils was introduced by central government in 2015 to ensure that all Councils with an annual turnover of up to £25,000 make public a raft of information about their financial dealings and governance. Buxhall Parish Council was designated as a 'Smaller Council' in the year 2019/20. The Council's website is: <http://buxhall.onesuffolk.net>

5.2 Smaller Councils should publish on their website:

- a) All items of expenditure above £100. Published on website and included within published Minutes of Council meetings.
- b) Annual Governance Statement: 2019/20 AGAR Annual Return Section One. Published on the website.
- c) End-of-Year accounts: 2019/20 AGAR Annual Return, Section Two. Published on the website.
- d) Annual Internal Audit report from 2019/20 AGAR Annual Return. Published on the website.
- e) List of councillor or member responsibilities. Published on the website.
- f) The details of public land and building assets (Asset Register). The Asset Register has been published on the website.
- g) Minutes, agendas and meeting papers of formal meetings. Published on the website.

5.3 The Council is in compliance with the requirements of the Transparency Code.

5.4 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require 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 Council noted the Period for the Exercise of Public Rights at its meeting on 8 June 2020 (Minute 080620/34 refers). The Internal Auditor was able to confirm that the document for the year 2019/20 was readily accessible on the Council's website and displayed the Date of Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

5.5 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 as easily accessible on the Council's website.

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

Precept 2020/21: £4,617.70 (9 December 2019, Minute 091219/20 refers).

Precept 2021/22: £4,838.91 (11 January 2021, Minute 110121/28 refers).

6.1 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. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions. The Clerk/RFO presented a first draft budget for 2020/21 at the meeting of the Council on 11 November 2019 (Minute 111119/30 refers). The budget was again considered and agreed by the Council on 9 December 2019 (Minute 091219/20 refers).

6.2 Good budgetary procedures are in place. During the year 2020/21 the Clerk/RFO provided the Council with comprehensive reports of actual spending against the budget. The Council formally Minuted its acceptance of the figures. The estimates for 2020/21 were used effectively for financial control and budgetary control purposes.

6.3 The Clerk/RFO presented Draft Budgets for 2021/22 at the meetings of the Council on 9 November 2020 and 7 December 2020 and included detailed estimates of the annual budget and of receipts and payments. The Final Budget and Precept for the year 2021/22 were agreed at the meeting on 11 January 2021.

6.4 Similarly, the Clerk/RFO provided the Council with details of the Reserves held, both General and Earmarked, to ensure that Councillors were fully appraised on the amounts applied to each project identified.

6.5 The Overall Reserves available to the Council at the year-end were £90,436.52, of which £86,715.79 is earmarked. As at the 31 March 2021, the Council maintained sufficient overall reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur. The General Reserve of £3,720.73 is in line with the generally accepted best practice of general (non-earmarked revenue) reserves being equal to three to six months of normal gross expenditure.

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

7.1 Receipts recorded in the Cashbook Spreadsheet consisted of Precept (£4,617.70), MSDC/Locality Grants (£25,000), National Lottery (£9,399), Rents (£495), Interest (£467.02), VAT reclaims (£16,614.83) and Miscellaneous Income (£30.50).

7.2 Allotment Rents were reviewed by the Council at its meeting on 8 June 2020. The Council agreed that there would be no increase in charges for the 2020/21 season

and to invoice per allotment plot rather than size of plot which for most will remain as the previous year. (Minutes 080620/53 and /54 refer). The Clerk/RFO provided regular reports on allotment rent income in the year, including confirmation on 6 July 2020 that all allotment invoices had been sent out (Minute 060720/33 refers).

7.3 An Allotments Register is in place. Councillors confirmed that a copy of the Register had been received prior to the Council's meeting on 8 March 2021 and agreed to accept the Register as a true reflection of the usage and income from the facility (Minute 080321/27 refers). A copy of the Register was presented to the Internal Auditor. The Clerk/RFO confirmed that the Register continues to ensure that the correct and full amount of income is being received each year in respect of Allotment Rents.

8. Petty Cash (*Associated books and established system in place*).

8.1 No Petty Cash is held; an expenses system is in place with on-line banking payments being made during the year for expenses incurred.

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

9.1 The Council is registered with HMRC and the Clerk/RFO has confirmed that the Payroll is operated in-house in accordance with HMRC regulations and that detailed pay slips are produced. The P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor for examination.

9.2 At its meeting on 7 September 2020 the Council noted the cost of living pay increase for the Clerk/RFO, to be backdated to 1 April 2020, in accordance with the NJC agreement for Local Government Officers' salaries (Minutes 210920/67 and 68 refer). The Council also resolved to increase the Clerk/RFO's working from home allowance from £1.73 to £5.00 per week, back dated to April 2020 (Minutes 070920/57 and /58 refer).

9.3 The Council agreed at its meeting on 12 October 2020 to increase the salary of the Clerk/RFO by one Scale Point, from SCP 11 to SCP 12 (Minute 121020/38 refers). The Council had previously agreed (at its meeting on 10 December 2018) that the paid number of hours for the Clerk/RFO would be 4 hours per week (Minute 101218/27 refers).

9.4 With regard to the legislation relating to workplace pensions, the Council noted at its meeting on 8 June 2020 that the Clerk/RFO had submitted a re-declaration of compliance to the Pensions Regulator in accordance with 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).

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 A comprehensive Asset Register is in place and was reviewed and approved by the Council at its meeting on 7 September 2020. The Council noted that the increase in assets and value was due to the installation of new play equipment including safety surfacing and sundries (Minute 070920/41 refers).

10.2 The Register records the original purchase cost, where known and a nominal/community value where appropriate.

10.3 Current requirements provide that each asset should be displayed at a consistent value, year-on-year. The value of £55,751 as at 31 March 2020 was increased by £75,646, reflecting the significant purchase of Play Equipment in the year. Disposals of redundant Play Equipment in the year amounted to £25,418. Accordingly, for purposes of Box 9 of the AGAR 2020/21 the valuation as at 31 March 2021 was £105,979 (rounded for purposes of the Return).

10.4 The Clerk/RFO has compared the items included in the Asset Register with the insurance cover. The Asset Register includes a column that lists the insurance cover for each relevant asset and identifies, for insurance valuation purposes, any asset that is low in value or not at risk.

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

11.1 Bank reconciliations are regularly presented to the Council by the Clerk/RFO and recorded in the Minutes of the Council meetings. A nominated non-bank signatory Councillor verifies the monthly bank reconciliations with the action taken evidenced in the Minutes of the Council meetings.

11.2 At the meeting on 9 March 2020 the Council discussed the £85,000 Santander investment and resolved to transfer the total investment at term (April 2020) into the Council's Barclays Business Savings Account. The Council agreed to invest £50,000 to a Halifax 2-year fixed saver account with the remaining £25,000 and accrued interest to remain in the Barclays Business Savings Account (Minute 090320/27 refers).

11.3 At the meeting on 8 June 2020 the Council resolved that the Clerk/RFO should transfer £85,000 (the capital receipt from the Santander Bond) into the Barclays Business Savings Account (as per Minute 090320/27). The Council noted on 6 July 2020 that a Halifax 2-year fixed saver account was no longer available and gave the Clerk/RFO delegated authority to apply to the Nationwide Building Society for a one-year fixed saver account and transfer £50,000 to that account (Minute 060720/22 and /23 refer).

11.4 The bank statements for the Barclays Community Account and the Business Premium Account (as at 31 March 2021) and the Nationwide Building Society Account (statement dated 1 March 2021) reconciled with the End-of-Year accounts and Bank Reconciliation for all accounts.

12. 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*).

12.1 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.

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 the Council with monthly Finance Reports which are considered and approved by the Council at each meeting. Bank balances are routinely reported to Councillors, who are provided with information to enable them to make informed decisions.

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

13.3 At its meeting on 11 February 2019 the Council confirmed that Internet Banking should be brought into effect by the Clerk/RFO (Minute 110219/20 refers). At the meeting on 11 November 2019 the Council noted that the Mandate for Internet Banking had been received and was being completed for return to the bank for processing (Minute 111119/29 refers). Electronic payments by means of Internet Banking, as recorded within the Cashbook, commenced in March 2020. A Schedule of Payments is circulated by the Clerk/RFO to Councillors prior to Council meetings to enable the Council to approve the payments to be paid by internet banking through the approved authorising processes (the Clerk/RFO to initiate the payment and a Councillor to authorise on-line).

13.4 The Internal Audit report for the previous year (2019/20) was noted by the Council at its meeting on 8 June 2020, the Report having been provided to all Councillors prior to the meeting (Minute 080620/30 refers). No matters of concern had been raised in the Report.

13.5 The Council received the Internal Audit Plan for the year 2020/21 at its meeting on 11 January 2021 and formally appointed the Internal Auditor for the year (Minute 110121/35 refers).

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

14.1 An External Audit was not required in the year 2019/20. At its meeting on 8 June 2020 the Council agreed the completion of the Certificate of Exemption from a Limited Assurance Review, under section 9 of the Local Audit (Smaller Authorities) Regulations 2015, for the year 2019/20 (Minute 080620/33 refers).

14.2 For the year 2020/21 the External Auditors, PKF Littlejohn, will undertake a Limited Assurance Review because gross income/gross expenditure exceeded £25,000 in the year of account.

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, FCPFA

Internal Auditor

11 April 2021