

Report to Buxhall 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 confirmed that during the 2022/23 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 2022/23 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.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £14,743.00
Total Payments in the year: £6,552.50
Total Reserves at year-end: £108,991.33 (of which £106,852.30 are Earmarked and Restricted Reserves.)

1.4 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 2022):</i>	<i>Box 1: £100,801</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £6,345</i>
<i>Total Other Receipts:</i>	<i>Box 3: £8,398</i>
<i>Staff Costs:</i>	<i>Box 4: £3,111</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £3,442</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £108,991</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £108,991</i>
<i>Total fixed assets:</i>	<i>Box 9: £106,962</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.5 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 2022/23 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 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 The Annual Parish Council meeting took place on 9 May 2022. The first item of Parish Council business was the Election of a Chairman, as required by the Local Government Act 1972. Councillors were also appointed to key 'officer' positions in the Council and nominated to act as Council representatives on outside bodies.

2.2 Standing Orders are in place. The Council reviewed and adopted the Standing Orders at the meeting on 9 May 2022, having noted the amendment made to Financial Controls and Procurement Section. The Standing Orders are in accordance with the latest model documents and guidance published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 Financial Regulations are in place. At the meeting on 9 May 2022 the Council reviewed the Financial Regulations and agreed to adopt them with no amendments. At the meeting on 13 June 2022 the Council agreed to adopt amendments recommended by NALC. On 14 November 2022 the Council agreed to increase the financial limits within Financial Regulation 4.1 from £100 to £500. Similarly, on 13 March 2023 the Council agreed to amend Financial Regulations to reflect changes in procurement thresholds and, in accordance with Financial Regulation 6.11, the Chairman received a copy of an Emergency Continuity Plan in a sealed and dated envelope. A copy of the Regulations has been published on the Council's website.

2.4 The Council has a Staffing Committee in place; membership of the Staffing Committee consists of all Council Members.

2.5 At the meeting on 4 October 2021 the Council resolved to set up a Support the Crown (Public House) Committee to consider the public interest and the options available for investment in 'Support the Crown' or finding a solution in acquiring the Crown. At the meeting on 11 July 2022 the Council noted that the public house was under offer and expecting to re-open again without any further action needing to be taken by the village. With this information the Council agreed to dissolve the Committee.

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

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 ZA125286 refers, expiring 27 July 2023). The Council noted the renewal of the registration at its meeting on 13 June 2022 and agreed to set up a standing order to the ICO to secure a lower annual fee.

2.8 To assist compliance with the General Data Protection Regulations (GDPR) the Council has the following Policies in place: Data Protection Policy, Document and Electronic Data Retention Policy, Lawful Basis for Processing Data Policy and the Subject Access Request Policy and Procedures.

2.9 At the meeting on 6 December 2021 the Council agreed to adopt the following Policies: Bring Your Own Device, Data Breach, Data Security and Freedom of Information (Cannot find them on website)

2.10 The Council has a Model Publication Scheme and Guide to the Publication Scheme to support meeting the Freedom of Information Act and has published the documents on the Council's website.

2.11 The Council demonstrates good practice by maintaining a wide range of formal Policies and Procedures. At its meeting on 9 May 2022 the Council confirmed the re-adoption of the following policies and procedures:

Complaints Procedure, Conflict of Interest Policy, Electronic Communication and Social Media Policy, Employment Policy, Equality Statement, Filming, Videoing, Photography and Audio Recording Policy, Health and Safety Policy, Internet Banking Policy and Procedure, Lone Worker Policy, Safeguarding Policy and Training Policy.

2.12 At its meeting on 16 March 2023 the Council confirmed the adoption/re-adoption of the following policies and procedures:

Electronic Communications Policy, Sickness Absence Policy, Internet banking Policy, Investment Policy, Accessibility statement, Complaints Policy, Meeting attendance, Equality Statement, Volunteer Policy, Reserves Policy, Equal Opportunities Policy, Co-option Policy, PAT Testing equipment, Safeguarding Policy, Disciplinary Policy, Grievance Policy, Health and Safety Policy, Expenses Policy, Freedom of Information Policy, Consent form, Bring your own Device Policy, Data Breach Policy, Data Protection Policy, Document Retention Policy, Lawful basis Policy and Subject Access Request

2.13 At the meeting on 9 May 2022 all Councillors confirmed receipt of the new Local Government Association (LGA) Model Councillor Code of Conduct. The Clerk confirmed the local principal authorities had adopted this new model and SALC have recommended it is adopted. The Council agreed to adopt the new 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.

2.14 The Council demonstrates good practice by publishing a Website Accessibility Statement in accordance with the website accessibility regulations. The Statement includes technical information about this website's accessibility.

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.

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 VAT refund of £483.69 for the period ending 31 March 2022 was received from HMRC on 9 May 2022 and reported to Council on 13 June 2022.

3.4 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2023 shows £11,574.29 brought forward at the end of previous year (31 March 2022), CIL receipts of £7,175.66 in the year with £16,694.47 spent in the year on refurbishment of the Village Hall kitchen. The balance of £2,055.48 is displayed as retained as at 31 March 2023. The Annual Report has been published on the Council's website and has to be submitted to the District Council no later than 31 December 2023.

3.5 The Clerk/RFO has constructed a Statement of Analysis of Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) which has been published on the Council's website.

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

4.1 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.

4.2 At the meeting on 1 November 2021 the Council agreed to invest the £50,000 (plus interest accrued) previously invested in a Nationwide Saver Account into a Nationwide instant access account (Minute 011121/22 refers). The Council noted on 6 December 2021 that the capital and interest accrued from the Nationwide Saver account (totalling £50,150.75) had been re-invested into a Nationwide Maturity Reserve Account (Minute 061221/24 refers).

4.3 The Council agreed on 12 September 2022 to transfer the full balance (then amounting to £50,152.81) to a 35-day Notice Account offering 1.5% interest (it was Minuted that the delay in reviewing the investment of this money was due to a request from Support the Crown group for funding to purchase the Crown

which is no longer proceeding). The Account was closed and the balance of £50,176.65 was transferred to the Barclays Premium Account on 7 December 2022.

4.4 The bank mandate was also updated at the meeting on 12 September 2022.

4.5 At its meeting on 13 March 2023 the Council agreed to open a new account with Unity Trust Bank with a transfer of £50,000 to be made from the Barclays Business Premium account to the Unity Trust Bank account.

4.6 The bank statements for the Barclays Community Account (£38,582.37), the Business Premium Account (£70,408.96) as at 31 March 2023 reconciled with the End-of-Year accounts and Bank Reconciliation for all 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 At the meeting on 9 May 2022 the Council resolved to re-adopt the risk assessments for Allotments, Clerk, Financial, Lone Worker, Playingfield and Vehicle Activated Sign, noting that they are working documents and updates may be recommended during the year. A copy of each has been published on the Council's website.

6.2 On 16 January 2023 the Council received the Internal Control Statement, following a review by the nominated Councillor (Minute 160123/45).

6.3 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.

6.4 One of the most significant risks for many smaller local councils relates to play equipment. In this respect, at its meeting on 16 March 2023 the Council received the Annual Play Inspection report by the Play Inspection Company following a visit to the play area on 19 January 2023. The Council noted that the identified risks were low or very low on all the play equipment.

6.5 Insurance was in place for the year of account. At its meeting on 12 September 2022 the Council agreed to renew the insurance cover with Royal & Sun Alliance Insurance using Community Action Suffolk (CAS) as the broker in accordance with the 3-year long-term agreement made on 12 October 2020. The Council noted the

Fidelity Guarantee cover of £250,000 and Assets covered to £100,000. Councillors agreed the level of cover provided in the renewal was adequate for the Parish Council's requirements and resolved to accept and pay the premium of £402.19.

6.6 The Fidelity Guarantee cover of £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. The Employer's Liability cover and Public Liability cover under the policy each stands at £10m.

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

Precept 2022/23: £6,345.33 (6 December 2021, Minute 061221/26 refers).

Precept 2023/24: £6,763.01 (16 January 2023, Minute 160123/41 refers).

7.1 The Clerk/RFO presented a first draft budget for 2022/23 at the meeting of the Council on 1 November 2021 (Minute 011121/23 refers). The budget was again considered and agreed by the Council on 6 December 2021 (Minute 061221/25 refers).

7.2 The Clerk/RFO presented Draft Budgets for 2023/24 to the Council at its meeting on 14 November 2022 and included detailed estimates of the annual budget and of receipts and payments. The Final Budget and Precept for the year 2023/24 were agreed at the meeting on 16 January 2023.

7.3 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. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

7.4 Good budgetary procedures are in place. During the year 2022/23 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 2022/23 were used effectively for financial control and budgetary control purposes.

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

7.6 The Overall Reserves available to the Council at the year-end 31 March 2023 were £108,991.33, of which £106,852.30 are Earmarked/Restricted Reserves.

7.7 As at the year end, the Council maintained sufficient overall reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur. Whilst the General Reserve of £2,139.03 is less than the amount required within the Council's approved Reserves Policy, the Clerk/RFO confirmed that the position is known to the Council and had been risk assessed.

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

8.1 Receipts are reported to the Council by the Clerk/RFO and recorded in the Minutes of Council meetings. The Receipts recorded in the Cashbook Spreadsheet consisted of Precept (£6,345.33), CIL Receipts (£7,175.66), Rents (£458.94), Interest (£129.38), VAT reclaims (£483.69) and Miscellaneous Income (£150.00).

8.2 Allotment Rents are regularly reviewed by the Council. At its meeting on 13 June 2022 the Council agreed that the charge of £20 per allotment plot would be retained for the year commencing 11 October 2022 (Minute 130622/32 refers).

8.3 The Clerk/RFO provided regular reports on allotment rent income in the year. The Clerk/RFO confirmed that an Allotments Register is maintained which continues to ensure that the correct and full amount of income is being received each year in respect of Allotment Rents.

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

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

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, Buxhall Parish Council can be designated as a 'Smaller Council'.

10.2 The Council's website is: <http://www.buxhall.onesuffolk.net/finance/>

10.3 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
[Detailed in published Minutes on the website](#)
- b) Annual Governance Statement, AGAR, Section One:
[2021/22 document published on website](#)
- c) End of year accounts, AGAR, Section Two:
[2021/22 document published on website](#)
- d) Annual Internal Audit report within AGAR:
[2021/22 document published on website](#)
- e) List of councillor or member responsibilities:
[Published on the website](#)
- f) Details of public land and building assets (Asset Register):
[Published on the website](#)
- g) Minutes, agendas and meeting papers of formal meetings:
[Published on the website](#)

10.4 The Council is complying with the requirements of 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 Notice was identified as easily accessible on the Council's website.

10.6 The Council agreed the dates for the Period for the Exercise of Public Rights at its meeting on 9 May 2022 (Minute 090533/57 refers) setting the dates as Monday 13 June 2022 to Friday 22 July 2022.

10.7 The Certificate of Exemption was completed on 9 May 2022 and was accordingly completed within the due date of 30 June 2022 as set by Regulation.

10.8 The 2021/22 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 identified 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 The Council is registered with HMRC and the Payroll is operated in-house in accordance with HMRC regulations. Detailed pay slips are produced. The P60 End of Year Certificate for the Clerk/RFO was made available to the Internal Auditor for examination.

11.2 At its meeting on 4 October 2021 the Council agreed to increase the Clerk/RFO's salary to SCP 17 with immediate effect. The contractual hours of work are 4 hours per week. In addition, a working from home allowance is being paid to the Clerk/RFO.

11.3 The Council noted on 14 November 2022 that the annual staff appraisal had been carried out by the Staffing Committee, which had agreed the Clerk/RFO's knowledge of duties and quality of work were consistently above the acceptable standard of the grade, and quantity of work, relations with others, communication skills, and manual/numerical/operational skills are well above the performance expected. The Council noted the National Joint Council has agreed a pay rise of £1,925 (pro rata) back dated to 1 April 2022 with additional holiday.

11.4 With regard to the legislation relating to workplace pensions, the Clerk/RFO confirmed to the Council on 13 March 2022 that a re-declaration of compliance had been submitted 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).

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 A comprehensive Asset Register is in place and was reviewed and approved by the Council at its meeting on 12 September 2022. The Council noted that a Councillor had undertaken a physical asset check. The Council agreed to make the following amendments to the Register:

- Item 8 'Swing Seats' was possibly replacement seats on the already installed swings and to add this cost to item 10 'Swings' to make this line £1,556.35;
- Item 4 on the asset register should read 'multi use games area including basketball post and backboards' and the 'football goals' should be added at a cost of £1,050.00, purchased on 19 November 2019 with an insurance value of £1,500.00.
- To add the Village Hall to the Asset Register at zero cost.

With the above amendments the Council agreed on 12 September 2022 to insure the Parish Council owned assets for a total of £97,011.96.

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

12.3 The Register displays a valuation of £106,962 as at 31 March 2023, a net increase of £983 over from the value of £105,979 at the end of the previous year, 31 March 2022 and reflects the addition of Football Goals (£1,050) and the removal of a litter bin at Mill Road at Playing Field (£67). The Register meets the current requirements which provide that each asset should be displayed at a consistent value, year-on-year.

12.4 The value of Assets as at 31 March 2023 has been correctly placed in Box 10 of Section 2 of the AGAR.

12.5 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.

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 Electronic payments by means of Internet Banking 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 Council's Internet Banking Policy was reviewed and agreed by the Council on 9 May 2022 and provides that:

a) All orders for payment will be verified for accuracy by the Parish Clerk and included on a payment schedule.

b) The schedule of all payments shall be prepared by the Clerk/RFO and presented to each meeting of the Council together with any supporting invoices or other documentation for approval. The approved schedule will be initialled by the Chairman of the meeting and two Councillors sign the invoices.

c) The Clerk/RFO will initiate payment.

d) One of the authorised Councillors will confirm the payments online (from the list of authorised Councillors held by Barclays Bank). Councillors are expected to authorise payments requests within two days of the payment being initiated by the Clerk/RFO.

e) Regarding Inter-Account Transfers, the transfers between the Barclays Current and Savings Account can only be carried out by written instruction to the bank and as such should always be agreed and Minuted at a Parish Council meeting.

13.5 The Clerk/RFO confirmed that the above procedure continued to be in place, A sample of on-line transactions were examined and found to be in order.

13.6 The Internal Audit report for the previous year (2021/22) was received and accepted by the Council at its meeting on 9 May 2022. No matters of concern had been raised in the Report.

13.7 The Council received the Internal Audit Plan for the year 2022/23 at its meeting on 16 January 2023 and formally appointed the Internal Auditor for the year (Minutes 160123/46 and /47 refer).

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

14.1 An External Audit was not required for the year 2021/22. The Council applied 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. The date of the

completion of the Exemption Certificate application was 9 May 2022 and accordingly met the deadline date of 30 June 2022 set by Regulation. The Council noted at its meeting on 11 July 2022 that PKF Littlejohn had confirmed receipt of the notification of exempt status for year ended 31 March 2022.

14.2 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.

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

Trevor Brown, CPFA

Internal Auditor

19 April 2023