

Report to Brightwell, Foxhall & Purdis Farm Group Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2023

1. Introduction and Summary.

1.1 During the 2022/23 year the Council maintained effective governance arrangements including a robust framework of internal control. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor, and the information published on the Council's website, has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.2 By examination of the 2022/23 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £23,834.91
Total Payments in the year: £28,825.00
Total Reserves at year-end: £37,711.28

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 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £42,701</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £7,000</i>
<i>Total Other Receipts:</i>	<i>Box 3: £16,834</i>
<i>Staff Costs:</i>	<i>Box 4: £5,077</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £23,747</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £37,711</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £37,711</i>
<i>Total fixed assets:</i>	<i>Box 9: £36,575</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR were approved by the Council at its meeting on 10 May 2023 and have been signed/dated as required. 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 Audit Plan. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (*examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation*).

2.1 The Annual Parish Council meeting took place on 12 May 2022. The first formal item of Parish Council business was the Election of a Chairman, as required by the Local Government Act 1972.

2.2 The Membership for the Council's Planning Committee and the appointment of a Chairman of the Committee was approved by the Council at its meeting on 12 May 2022.

2.3 Standing Orders are in place and were considered and approved by the Council at the meeting held on 8 March 2023 (Minute 50.23 refers).

2.4 Financial Regulations are in place and were also considered and approved by the Council at its meeting on 8 March 2023 (Minute 50.23 refers).

2.5 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

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 ZA326954, expiring 12 March 2024). Whilst it is not a legal requirement for a local council to appoint a Data Protection Officer (DPO), the Council demonstrated good practice by appointing the Clerk/RFO as the DPO and approving a set of documents aimed to meet the requirements of the General Data Protection Regulations (GDPR).

2.7 The Council has a range of formal policies and procedures, including the Grants Policy, Complaints Procedure and the Information available under the Publication Scheme, which assists in securing good governance.

2.8 The Council reviewed and adopted the National Code of Conduct for Councillors at its meeting on 8 March 2023 (Minute 50.23 refers). It is good practice for a local council to periodically re-adopt the latest Code of Conduct, which details the requirements and responsibilities placed upon each individual Council Member.

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 provides a good audit trail to the Bank Statements and Cheque Book counterfoils and the financial

information prepared by the Clerk/RFO. These documents provided good evidence in support of the receipts and payments in the year. Supporting invoices and vouchers were in place.

3.2 A sample of Cashbook (Expenditure Analysis) transactions in the year was closely examined and was found to be in order . Payments made under the Local Government Act 1972 Section 137 are separately recorded in the accounts.

3.3 VAT payments are tracked and identified within the Expenditure Analysis (to facilitate future re-claims to HMRC). A reclaim to HMRC for the £410.90 VAT paid in the period 1 January 2019 to 31 May 2021 was received at bank on 28 June 2021. Payments of VAT in 2022/23 totalled £1,529.50 and the Clerk/RFO confirmed that a reclaim is shortly to be submitted to HMRC.

3.4 A CIL Annual Report for 2022/23 has been constructed by the Clerk/RFO and displays an Opening Balance for CIL Funds as at 1 April 2022 of £12,199.22, additions in the year of £13,040.84 and applications (spending) of £20,025.70 on the VAS Signs (£8,291.88), Traffic Survey (£11,190.70) and Grit and Dog Bins (£543.12). The amount of CIL Receipts retained as at 31 March 2023 accordingly stood as £5,214.36. The CIL Annual Return for the year 2022/23 has to be published on the Council's website and submitted to the District Council no later than 31 December 2023.

3.5 A Statement of Analysis 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 submission to the External Auditors and for publication on the Council's website. The Statement requires an explanation where the carried forward (end of year) Reserves are greater than twice the income from the Precept and the Clerk/RFO will be able to address this matter in Part 2 of the Statement.

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

4.1 Bank balances are reported by the Clerk/RFO to each meeting of the Council. The Bank Statements as at 31 March 2023 for the Barclays Community Account and the Barclays Business Premium (Savings) Account reconciled with the End-of-Year accounts and agreed with the overall 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; sample checks were undertaken on the documents constructed by the Clerk/RFO and all was found to be in order.

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

Precept 2022/23: £7,000 (15 December 2021, Minute 177.21).

Precept 2023/24: £7,000 (14 December 2022, Minute 198.22).

6.1 The Budget and Precept of £7,000 for the year 2022/23 were discussed and agreed by the Council at its meeting on 15 December 2021. The Precept for 2022/23 was received at bank on 29 April 2022.

6.2 The Draft Budget for the year 2023/24 was discussed and reviewed by the Council at its meeting on 9 November 2022. The Budget and Precept for 2023/24 were agreed by the Council at its meeting on 14 December 2022. The Budget document was detailed and can act as a sound basis for the Council to undertake budgetary control and scrutiny during the 2023/24 year of account.

6.3 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

6.4 At its meeting on 9 November 2022 the Council received the Half-Year Accounts to 30 September 2022 which were examined and accepted by the Council (Minute 178.22 refers). It is good financial practice for a Council to receive reports of the income and expenditure in the year compared with the budget headings to enable the Council to promptly identify any significant variations from budget and take remedial action as necessary.

6.5 The Overall Reserves available to the Council as at 31 March 2023 amounted to £37,711.28. Earmarked reserves/restricted funds have been listed (as follows):

Road Traffic Modifications:	£20,000.00
CIL Fund balance:	£5,214.36

6.6 Accordingly the General Reserves (Overall Reserves less Earmarked/Restricted Reserves) totalled £12,496.92 and is in line with the generally accepted best practice that a Local Council's General Reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.33 refers).

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

7.1 Payroll Services are being operated in-house and PAYE payments have been made to HMRC in the year. The Clerk/RFO maintains a detailed record of hours worked each month alongside any expenses incurred in the month.

7.2 The Council agreed at its meeting on 12 April 2023 that Payroll Services should be operated on its behalf by SALC (Minute 75.23 refers).

7.3 At its meeting on 14 December 2022 the Council noted that the NJC for Local Government Officers had agreed a pay award effective from 1 April 2022. The Council approved the application of the pay award to the Clerk/RFO (Minute 197.22 refers).

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

8.1 The Clerk/RFO has constructed a Spreadsheet detailing the income received in the 2022/23 year of account. As at the year-end 31 March 2023 the Council had received the following: Precept payment from the District Council (£7,000), CIL Fund Receipts (£13,040.84), Enabling Fund (£2,636), Locality Budget (£1,000), Newsletter Advertisements (£140) and bank interest in the Business Premium (Savings) Account (£18.07).

8.2 Receipts recorded in the Cashbook Spreadsheet were cross referenced with the bank statements on a sample basis and were found to be in order.

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

9.1 No Petty Cash is held; an expenses system is in place with supporting details listed against the expenses claimed and attached to the Salary and Expenses Voucher.

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

10.1 The Clerk/RFO has confirmed that the Council's Risk Assessment documentation was reviewed and adopted at the Council's meeting on 8 March 2023 alongside other listed policies and procedures (Minute 50.23 refers). The risk assessment is comprehensive and includes the area of risk, the risks identified within those areas, the level of risk (H, M or L) and the internal control measures in place to control/mitigate the risks and the review actions required to take place.

10.2 It is considered that the Council accordingly complied with the Accounts and Audit Regulations 2015 which require that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk and Minute that the review has taken place.

10.2 Insurance was in place for the year of audit. Payment of the premium of £346.66 to Community Action Suffolk (CAS) Insurance was made on 27 October 2022. The Policy is provided by Ansvar Insurance and runs from 1 October 2022 to 30

September 2023. Employer's Liability cover and the Public Liability cover each stand at £10m.

10.3 The Employee/Councillor Dishonesty (Fidelity Guarantee) cover is £100,000 and meets the recommended guideline for the amount of cover (Year-End Balances plus 50% of the Precept/grants).

11. 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).

11.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. Cheque Book counterfoils are initialled by cheque signatories. Invoices and vouchers for payment list the cheque number to provide a clear audit trail. Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

11.2 The Internal Audit report for the previous year (2021/22) was considered by the Council at its meeting on 13 July 2022. The Report had put forward the following two recommendations:

R1: The Council should re-examine its allocation of available resources to ensure that (a) earmarked sums do not exceed available funds and (b) sufficient General Reserves are maintained to provide that there are adequate contingency sums to meet, within reason, any unforeseen items of expense that may occur.

This was addressed during the year 2022/23.

R2: In view of the amount of cash reserves in excess of the Fidelity Guarantee insurance cover of £25,000 it is felt that the Council should consider an increase in the insurance cover to ensure that both financial and reputational risks are mitigated. It should be stressed that such insurance cover does not imply any mistrust of Councillors, employees or any volunteers but reflects a professional duty to protect the funds being held on behalf of the public as well as protecting the Council's reputation.

The Council accepted the auditor's report and agreed that appropriate action should be taken. An increase in the Fidelity Guarantee insurance cover from £25,000 to £100,000 was reported to Council on 8 June 2022 (Minute 113.22 refers).

11.3 The Council appointed the Internal Auditor for the 2022/23 year at its meeting on 8 March 2023 (Minute 55.23 refers).

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 includes a description of each asset, the location, the value at cost, the year of acquisition with explanatory notes and comments.

12.2 The Asset Register was reviewed and approved by the Council at the meeting held on 8 March 2023 (Minute 50.23 refers).

12.3 The Register displays a total value of £36,574.94 as at 31 March 2023, an increase of £9,154 over the valuation of £27,420.94 as at the end of the previous year 31 March 2022 and reflects the acquisitions in the year of account of CCTV Cameras/Signs (£8,291.88), Grit Bin (£330.58), Laptop Computer (£319) and Dog Bin (£212.54).

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

13.1 The External Audit Report 2021/22 was dated 18 September 2022 and completed by PKF Littlejohn and was reported to Council at its meeting on 12 October 2022. An issue was raised by PKF Littlejohn regarding an earlier year figure for assets (listed in the 2020/21 AGAR) and this was noted by the Council.

13.2 For the year 2022/23, as the higher of gross income or gross expenditure exceeded £25,000 in the year of account, the Council will also be subject to an Intermediate Review by the External Auditors, PKF Littlejohn LLP.

14. Publication Requirements.

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website:

To be published by 1 July 2022:

Notice of the Period for the Exercise of Public Rights
AGAR - Sections 1 and 2.

14.2 Documents in respect of the year 2021/22 had been published and were readily accessible on the Council's webpage:

<http://brightwellfoxhallandpurdisfarm.onesuffolk.net/parish-council/parish-council-documents/>

14.3. The items listed below are to be published following completion of the External Audit (and no later than 30 September 2022):

Notice of Conclusion of Audit

AGAR - Section 3

AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

14.4 The Internal Auditor was able to confirm that the documents were readily accessible on the Council's webpage:

<http://brightwellfoxhallandpurdisfarm.onesuffolk.net/parish-council/parish-council-documents/>

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

11 June 2023