# Report to Chediston and Linstead Grouped Parish Council

### The Internal Audit of the Accounts for the year ending 31 March 2024

**1. Introduction and Summary.**

1.1 The End of Internal Audit for the 2023/24 year confirmed that the Parish Council maintained effective governance arrangements including a robust framework of financial administration and internal control. This Internal Audit review has confirmed the overall adequacy of the financial arrangements currently in place.

1.2 By examination of the 2023/24 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 financial management information to enable the Council to make well-informed decisions.

1.3 All documents were very well presented by the Clerk/RFO for the End-of-Year Audit Review.

1.4 The Accounts for the year 2023/24 display the following:

*Total Receipts for the year: £6,424.11*

*Total Payments in the year: £5,461.87*

*Total Reserves at year-end:* *£5,663.83*

1.5 Sections One and Two of the Annual Governance and Accountability Return (AGAR) were approved by the Council at the meeting held on 20 May 2024. The following figures in Section Two were agreed by the Internal Auditor:

*Balances at beginning of year (1 April 2023): Box 1: £4,602*

*Annual Precept 2023/24: Box 2: £3,250*

*Total Other Receipts: Box 3: £3,174*

*Staff Costs: Box 4: £2,385*

*Loan interest/capital repayments: Box 5: nil*

*All Other payments: Box 6: £3,077*

*Balances carried forward (31 March 2024): Box 7: £5,564*

*Total cash/short-term investments: Box 8: £**5,564*

*Total fixed assets: Box 9: £6,779*

*Total borrowings: Box 10: nil*

1.6 The Internal Auditor has completed the Annual Internal Audit Report 2023/24 within the AGAR. The following Internal Audit work was carried out on the adequacy of systems of internal control.

**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 At the Annual General Meeting of the Parish Council on 22 May 2023 the first item of business was the election of a Chairman in accordance with the requirements of the Local Government Act 1972.

2.2 On 22 May 2023 the Council also re-confirmed the Clerk, Mrs Kay Gregory, as the Responsible Financial Officer (Minute 13 refers).

2.3 Standing Orders and Financial Regulations are in place and were reviewed, updated as necessary and adopted by the Council at its meeting on 18 September 2023 (Minute 9 refers). A copy of Standing Orders and Financial Regulations has been published on the Council’s website.

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

 2.5 The Council is registered with the Information Commissioner’s Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA509545, expiring on 4 April 2025).

2.6 The Council adopted a Councillors’ Code of Conduct at the meeting held on 22 May 2023 (Minute 15 refers).

2.7 The Council has published the One-Suffolk Website Accessibility Statement to demonstrate compliance with the website accessibility regulations. The Statement details what has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible or where there would be a disproportionate burden to secure full accessibility, with contact details to report accessibility problems.

**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 is maintained in the form of a hand-written ledger and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. A sample of transactions was examined and found to be in good order with supporting invoices and vouchers in place.

3.2 Payments made under the powers of Section 137 of the Local Government Act 1972 are separately identified in the Cashbook and Receipts and Payments Account.

3.3 VAT payments are separately identified in the Cashbook to assist future claims to HMRC for re-imbursement. Relatively small amounts of VAT are normally paid in the year. The Clerk/RFO confirmed that a re-claim to HMRC of £343.27 VAT paid for the period to 31 March 2024 was received at bank on 28 May 2024.

3.4 A Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2024 has been prepared by the Clerk/RFO. The Report displays a balance of £0 brought forward from previous years, £1,827.12 CIL Receipts in the year and £0 expended in the year. The CIL balance retained at the year-end was accordingly £1,827.12 and can be recorded in the End of Year Accounts as a Restricted Reserve.

3.5 A Statement of Explanation 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 bank statements as at 28 March 2024 for the Barclays Community (Current) Account (£4,403.96) and the Barclays Business Premium (Savings) Account (£1,259.87) reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation after taking into account the unpresented cheque 100671 (£100).

**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 well presented and in good 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 Risk Assessment documentation was reviewed and approved by the Council at the meeting held on 22 May 2023 (Minute 12 refers). The internal control and risk assessment documents provide an analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified. A level of risk is applied (H, M or L) to each identified risk with an explanation of how the risks are managed and any action taken in this respect by Councillors and the Clerk/RFO.

6.2 The Council accordingly complied with Section 4 of 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.

6.3 Insurance was in place for the year of account. The Council approved the renewal premium of £341.20 to CAS Insurance Brokers at its meeting on 18 September 2023. The Policy is provided by Ansvar Insurance and covers the period 1 October 2023 to 30 September 2024. The Employer’s Liability cover and Public Liability cover each stand at £10m. The Fidelity (Councillor/Employee Dishonesty) cover stands at £25,000, 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.

**7. Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).**

7.1 Chediston and Linstead Grouped Parish Council is designated as a ‘Smaller Council’. The Council’s website is: *http://chedistonandlinstead.onesuffolk.net/*

7.2 Smaller authorities should publish on their website:

a) All items of expenditure above £100

 Published – Yes, included within published Financial Statements

b) Annual Governance Statement, AGAR Annual Return, Section One:

 Published (2022/23) – Yes

c) End of year accounts, AGAR Annual Return, Section Two:

 Published (2022/23) – Yes

d) Annual Internal Audit report within AGAR Annual Return:

 Published (2022/23) – Yes

e) List of councillor or member responsibilities:

 Published – Yes

f) Details of public land and building assets:

Published – No public land or building assets are owned

g) Minutes, agendas and meeting papers of formal meetings:

Published – Yes

7.3 The Council is accordingly meeting the requirements of the Transparency Code.

7.4 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)’. The Internal Auditor was able to confirm that the document for the year 2022/23 is available on the Council’s website.

7.5 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption and bank reconciliation) were confirmed at the date of the audit as being easily accessible on the Council’s website. Explanations of variances have been provided to the External Auditor and a copy of the letters has been published on the Council’s website.

 **8. Budgetary controls *(Verification of the budgetary process with reference to***

***Council Minutes and supporting documents).***

Precept 2023/24: £3,250 (21 November 2022, Minute 8 refers).

Precept 2024/25: £3,500 (20 November 2023, Minute 8 refers).

8.1 The Precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. 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.

8.2 Good budgetary procedures are in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments.

8.3 The Reserves available to the Council at the year-end 31 March 2024 were £5,563.83 of which £1,827.12 were CIL Funds Restricted Reserves. The level of General Reserves (Overall Reserves less Restricted/Earmarked Reserves) was accordingly £3,736.71 and in line with the generally accepted Best Practice position that non-earmarked revenue reserves should usually be at least between three and twelve months of Net Revenue Expenditure/Precept.

8.4 As at 31 March 2024 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

 9.1 The Receipts in the year 2023/24 consisted of Precept (£3,250), Locality Grants (£1,332), CIL Fund Receipts (£1,827.12) and bank interest (£14.99).

 9.2 Income controls were checked and income received and banked cross referenced on a sample basis with the Cashbook and bank statements and all found to be in good order.

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

 10.1 No Petty Cash is held; an expenses system is in place with any expenses incurred reimbursed by payment by cheque.

**11. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures;***

 ***records relating to contracts of employment).***

11.1 At its meeting on 22 May 2023 the Council agreed the Direct Debit mandate for the salary payments to the Clerk/RFO and confirmed that the salary would increase with nationally agreed JNC/NALC pay awards. The Clerk/RFO confirmed that the Council is recorded as an employer on HMRC's Real Time Information system and the Council operates Real Time PAYE.

11.2 As at 31 March 2024 the Clerk/RFO was being paid by Standing Order for 4 working hours per week at NJC Scale Point 7.

11.3 With regard to the legislative requirements relating to workplace pension schemes, the Council is registered with the Pensions Regulator. A re-declaration of compliance was submitted by the Council to the Pensions Regulator on 4 April 2023 under 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 by the Council at its meeting on 22 May 2023 (Minute 12 refers).

12.2 The Assets show a total of £6,779 as at 31 March 2024, unchanged from the value as at the end of the previous year.

12.3 The value as at 31 March 2024 has been correctly entered into Box 9 of the AGAR.

12.4 The Asset Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. No public land or building assets are owned by the Council.

**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 detailed financial reports to Council meetings. Councillors are provided with information to enable them to make informed financial decisions. Details of payments made are listed within the Minutes of the Council’s meetings. Invoices/vouchers were cross checked with the Cashbook and bank statements on a sample basis and were found to be in good order.

##### 13.2 Cheque book counterfoils are being initialled by Signatories in verification of the payment, as required by the Council’s Financial Regulations.

##### 13.3 The Internal Audit report for the previous year 2022/23 was dated 20 June 2023 and was reported to Council at its meeting on 17 July 2023 (Minute 9 refers). The Report had put forward the following 2 recommendations:

**R1:** *Each page of the approved Minutes of each Council meeting must be signed/initialled to ensure that the Minutes are a legal and authentic record of the Council’s business.*

**Update at 14 June 2024:** This is now being undertaken and secures a legal and authentic record of the Council’s business.

**R2:** *The Council is advised to monitor the level of balances held during the year 2023/24 to ensure that sufficient Fidelity Guarantee insurance cover is in place to protect the funds held by the Council on behalf of the Public.*

**Update at 14 June 2024:** This has been addressed. The Fidelity (Councillor/Employee Dishonesty) cover currently in place stands at £25,000, 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.

## **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. At its meeting on 22 May 2023 the Council completed the Certificate of Exemption from a Limited Assurance Review alongside the Annual Governance and Accountability Return for 2022/23.

14.2 Similarly, as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2024, the Council is able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. Accordingly, at its meeting on 20 May 2024 the Council completed the Certificate of Exemption from a Limited Assurance Review in respect of the year 2023/24.

## **15. Additional Comments.**

15.1 I would like to record my appreciation to the Clerk to the Council for the careful presentation of the Council’s documents for the audit.



**Trevor Brown, CPFA**

**Internal Auditor**

**14 June 2024**