

## **Report to Great Livermere 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 Parish Council maintained effective governance arrangements including an overall robust framework of financial administration and internal control. This Internal Audit review 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: £10,800.29*  
*Total Payments in the year: £10,408.55*  
*Total Reserves at year-end: £12,543.52 (of which £2,500 is earmarked)*

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 Accounting Statements 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £12,152</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £7,500</i>
<i>Total Other Receipts:</i>	<i>Box 3: £3,300</i>
<i>Staff Costs:</i>	<i>Box 4: £3,517</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £6,892</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £12,543</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £12,543</i>
<i>Total fixed assets:</i>	<i>Box 9: £37,340</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 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 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 18 May 2022. The first item of business was the Election of a Chairman of the Parish Council, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and were reviewed and agreed by the Council at the meeting on 18 May 2022 (Minute 13 refers) and 15 March 2023 (Minute 8.6 refers). NALC has published amendments at Section 18 (items f and g) to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment can be included at the Council's next review of Standing Orders.

2.3 Financial Regulations are in place and were reviewed by the Council on 15 March 2023 (Minute 8.6 refers). NALC has advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to item 11.1 (c) can be included at the Council's next review of Financial Regulations.

2.4 At its meeting on 18 May 2022 the Council resolved to adopt the Model Councillor Code of Conduct 2020, as produced by the Local Government Association (LGA), for the purposes of discharging its duty to promote and maintain high standards of conduct within its area (Minute 14 refers). The Code was reviewed by the Council on 15 March 2023 (Minute 8.6 refers). A copy of the Code has been published on the Council's website.

2.5 The Council's Minutes are well presented and provide evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered.

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 Z2744005, expiring 15 September 2023).

2.7 The Council has adopted and published on its website a Privacy Notice in response to the General Data Protection Regulations. The Privacy Statement includes an explanation of the lawful basis for processing data and is held on the Council's website. The Final Paragraph of the Statement states: *'If you have a complaint regarding the way your personal data has been processed you may make a complaint our Data Protection Officer (insert name and contact details)'* The contact details have still to be added to the published Statement.

2.8 The Council has a Freedom of Information Policy and Procedure for Handling Requests for Information and a Publication Scheme adopted in response to the Freedom of Information legislation and a copy has been published on the Council's website. The Council has other Policies and Procedures in place, including the Training and Development Policy. The Council's Policies and Procedures, including a Complaints Procedure which was reviewed and agreed by the Council on 18 May 2022, have been published on the Council's website.

2.9 In response to the website accessibility regulations, a Website Accessibility Statement has been published which details what the Council has done to ensure that as many people as possible are able to use the website, provides technical information about the website's accessibility and lists contact details.

**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 Spreadsheets were found to be in good order and well presented. Payments made under the Local Government Act 1972 (Section 137) are separately identified in the Cashbook and End-of-Year Accounts.

3.2 The Cashbook is well referenced and provides a good audit trail to the Bank Statements and the financial information presented by the Clerk/RFO to the Council. A sample of transactions was closely examined and was found to be in order, with supporting invoices and vouchers in place.

3.3 VAT payments are tracked and identified within the Cashbook. A re-claim to for £777.61 VAT paid in the period June 2019 to November 2021 was submitted to HMRC on 15 December 2021 and received at bank on 26 January 2022. However, a VAT re-claim was not received/recorded in the accounts in the year 2022/23.

3.4 A Statement 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 publication on the Council's website.

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

4.1 The Clerk/RFO regularly presents Bank Reconciliations, Schedule of Payments and Budget Reports to Council meetings and the action is recorded in the Minutes of the Council's meetings.

4.2 The Barclays Community Current Account statement as at 31 March 2023 displayed £12,543.52 and reconciled to the End-of-Year accounts and agreed with the overall Bank Reconciliation.

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

5.1 At its meetings on 18 May 2022 (Minute 13) and 15 March 2023 (Minute 8.6) the Council reviewed the Risk Assessment documents. The Risk Assessment is comprehensive and details the subject and risks identified, the level of risk (high, medium or low) and the internal controls and actions in place to mitigate the risks. The Assessment is constructed under the specific headings of Financial and Management, Third Parties/Individuals, Employer Liability, Physical Equipment/Areas and Emergencies.

5.2 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 management of risk, with the review suitably Minuted.

5.3 As part of its Internal Control arrangements, the Council demonstrates good practice by appointing a Councillor to review the system of internal control and to complete a number of specified tests. The review of the system of Internal Controls was completed and certified by the Councillor on 8 April 2022 and on 8 March 2023.

5.4 Insurance cover for the period 1 June 2022 to 31 May 2023 is in place and provided by Aviva Insurance. The Employer's Liability cover and Public Liability cover each stand at £10m. The cover for Fidelity Guarantee (Councillor/Employee Dishonesty) stands at £50,000, 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.

5.5 The Council receives regular reports on the condition of the play area. There is a standing Agenda item for Play Area Reports to enable Councillors to raise any issues and monitor any action taken.

5.6 The Council had a West Suffolk Council service agreement in place relating to a standardised playground inspection for the financial year 2022/23. At its meeting on 18 May 2022 the Council noted the continuation of the free inspection service for the year to 31 March 2023 (Minute 16.3 refers). Similarly, at the meeting on 15 March 2023, the Council noted that West Suffolk Council had agreed to continue free play area inspections for 2023/24, including a monthly inspection and an annual inspection by an external organisation (Minute 11.3 refers).

5.7 The Council, in partnership with a small group of residents, has prepared an Emergency Plan that can be activated in the event of a major emergency effecting the village. The Plan provides some advice about what residents can do to prepare for an emergency. A copy of the Plan has been published on the Council's website.

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

Precept 2022/23: £7,500 (17 November 2021, Minute 8.3)

Precept 2023/24: £8,239 (16 November 2022, Minute 9.6)

6.1 At the meeting on 15 September 2021 the Council began its consideration of the Budget for 2022/23. Further consideration of the Budget and Precept took place at the Council's meeting on 17 November 2021. The Precept of £7,500 was agreed in Full Council and the precept decision and amount have been clearly Minuted.

6.2 The Budget and Precept for the year 2022/23 were considered and agreed in Full Council. The precept decision and amount have been clearly Minuted.

6.3 The Clerk/RFO presents up-to-date budget reports to Council meetings and ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.4 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 for the year 2022/23. The budget papers prepared by the Clerk/RFO ensured that Councillors had sufficient information to make informed decisions.

6.5 As at the 31 March 2023 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur. The Overall Reserves at the year-end 31 March 2022 totalled £12,543.52 of which £2,500 is Earmarked.

6.6 The General Reserves (Overall Reserves less Earmarked Reserves) were accordingly £10,043.52 and are in line with 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).

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

7.1 Receipts recorded in the Cashbook consisted of Precept (£7,500) and Miscellaneous Receipts (£3,300.29).

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

8.1 A Petty Cash system is not in use. An expenses system is in place, with online payments being made for expenses incurred in the year of account.

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

9.1 Under the provisions of the Transparency Code, Great Livermere Parish Council can be designated as a 'Smaller Council'.

The Council's website is: <http://greatlivermere.onesuffolk.net>

9.2 Smaller authorities should publish on their website:

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

9.3 The Council is complying with the requirements of the Transparency Code.

9.4 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 2021/22 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.

9.5 The remaining documents required to be published, as listed in AGAR Page 1 Guidance Notes (including the Exemption Certificate, bank reconciliation and analysis of variances) were confirmed as easily accessible on the Council's website at the time of the audit.

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

10.1 The Council is registered with HMRC and the payroll is being operated in accordance with HMRC requirements, detailed payslips are produced and PAYE is in operation. Contributions are being made to the Suffolk County Council Local Government Pension Scheme.

10.2 The Contract of Employment in place between the Council and the Clerk/RFO has been updated at various points in the employment history. The normal hours of work are stated in the Contract of Employment as being 3.5 hours per week. The Contract was reviewed by the Council on 15 March 2023 (Minute 8.6 refers). A copy of the Contract was presented to the Internal Auditor states that '*Salary is £15.67 per hour being the current salary point 23 within the scale LC2 range as set out in the 2021/22 National Agreement on Salaries and conditions of Service of Local Council Clerks*'. (The National Agreement referred to relates to the 2022/23 National Award Salary on the new pay scales implemented from 1 April 2022).

10.3 With regard to the meeting of legislation relating to workplace pensions, the Clerk/RFO confirmed to the Council on 15 March 2023 that a re-declaration of compliance under the Pensions Act 2008 had been submitted to the Pensions Regulator (Minute 8.8 refers). 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.

**11. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

11.1 An Asset Register is in place and was reviewed by the Council at its meeting on 15 March 2023 (Minute 8.6 refers). It displays a total valuation of £37,340 as at 31 March 2023, an increase of £305 over the valuation of £37,035 as at the end of the previous year, 31 March 2022 and reflects the replacement of the Village Sign and the acquisition of an Emergency Box in the Village Hall.

11.2 The assets are valued at cost or, in the case of the War Memorial in Church Road, at a nominal/community value of £1 to ensure that the Council's ownership and responsibility are recognised.

11.3 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The value has been correctly entered into Box 9 of Section 2 of the AGAR.

**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. 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. Any previous audit recommendations implemented).**

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings, including a bank reconciliation, schedule of payments and budget reports. Councillors are provided with information to enable them to make informed decisions.

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

13.3 The Procedure for making electronic payments via Faster Payments by means of on-line banking was agreed by the Council at its meeting on 18 November 2020. Councillors had been registered with the Bank to authorise payments. The Clerk/RFO initiates the payment required and one of the two Councillor Signatories authorise the payment and the other would double check the transaction to confirm the correctness of the payment being made (Minute 9.3 refers).

13.4 Payments were made on-line during 2022/23. The Internet Banking payment confirmation is attached to the appropriate invoice or reference made on the invoice/voucher to the date of payment or bank payment reference to ensure an audit trail is in place. Nominated Councillors have been specifically authorised to approve transactions generated by the Clerk/RFO. The procedure for electronic payments is documented in the Council's Financial Regulations (FR paragraphs 6.10 – 6.16 refer).

13.5 The Internal Audit Report for the previous year, 2021/22 was dated 20 April 2022 and was received and agreed by the Council at its meeting on 18 May 2022. The Council noted that the recommendations put forward in the report were already in hand (Minute 12.2.1 refers).

13.6 The Internal Auditor for the 2022/23 year was appointed by the Council at the meeting on 15 March 2023 (Minute 8.3 refers).

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

14.1 An External Audit was not required in the year 2021/22. At its meeting on 18 May 2022 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 12.2.2 refers).

14.2 For the year 2022/23 the Council may similarly 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**