

## **Report to Shottisham Parish Council**

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

#### **1. Introduction and Summary.**

1.1 The Internal Audit for the year 2023/24 confirmed that the Council continues to maintain effective governance arrangements including a robust and effective 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 2023/24 accounts and supporting documentation it was confirmed that the Clerk, in the role as 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 All documents were very well presented by the Clerk/RFO for the audit.

1.4 The Accounts for the year confirm the following:

*Total Receipts for the year:*       £5,747.60  
*Total Payments in the year:*   £8,264.02  
*Total Reserves at year-end:*   £10,177.27

1.5 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 2023):</i>	<i>Box 1: £12,694</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £5,250</i>
<i>Total Other Receipts:</i>	<i>Box 3: £497 * Note 1</i>
<i>Staff Costs:</i>	<i>Box 4: £2,100</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £6,164</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £10,177</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £10,177</i>
<i>Total fixed assets:</i>	<i>Box 9: £53,859</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

*\* Note 1: Rounded down to £497 to ensure that Box 7 = Boxes (1+2+3) – (4+5+6)*

1.6 Sections One and Two of the AGAR are due to be approved at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2023/24 within the AGAR.

1.7 The following Internal Audit work was carried out on the adequacy of systems of internal control. 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 Parish Council's AGM took place on 16 May 2023. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and a copy has been published on the Council's website. At its meeting on 12 March 2024 the Council noted that all Councillors had been sent a copy of the revised Standing Orders and it was agreed to formally adopt them at the AGM in May 2024.

2.3 Similarly, Financial Regulations are in place. They were also reviewed by Councillors at the meeting on 12 March 2024 and the Council agreed to formally adopt them at the AGM in May 2024.

2.4 The Minutes of the Council are well presented and provide clear evidence of the decisions taken by the Council in the year. The Minutes demonstrate good practice by including 'Updates from actions from the previous meeting' and 'Action Points arising' from the meeting itself. Each page of the Minutes is signed/initialled by the Chairman to ensure that a lawful and authentic record is maintained.

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 under Data Protection legislation (Registration Z3516076 refers, expiring 22 January 2025). The Council has a Data Protection and Information Policy in place which assists compliance with the General Data Protection Regulations (GDPR). The Policy was reviewed and approved for continued application by the Council at its meeting on 12 March 2024.

2.6 The Council has adopted the Local Government Association (LGA) Councillor Code of Conduct for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. At the meeting on 12 March 2024 the Council agreed that the Code will continue to be formally adopted. A copy of the Code has been published on the Council's website.

2.7 A Website Accessibility Statement has been constructed by the website host Suffolk Cloud and published on the Council's website in response to the Website Accessibility requirements.

2.8 At the meeting on 16 May 2023 the Clerk/RFO reported on the recommendation from NALC that local councils consider registering their website with an official .gov.uk domain name with councillor email addresses linked to that domain name. The Council agreed that Suffolk Cloud should set up the Shottisham-pc.gov.uk domain name and email addresses for all Councillors. The Council noted on 11 July

2023 that this had been completed and Councillors had been provided with individual passwords to access their new email addresses.

**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 well referenced 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 in detail and confirmed with the supporting invoices and vouchers.

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

3.3 VAT payments are separately identified in the Cashbook Spreadsheet to assist future claims to HMRC for re-imbusement. A re-claim for the £497.60 VAT paid during the period 30 April 2022 to 31 March 2023 was submitted by the Clerk/RFO to HMRC and received at bank on 24 July 2023.

3.4 Similarly, the Clerk/RFO submitted a re-claim of £443.03 to HMRC on 8 April 2024 for the VAT paid during the period 6 April 2023 to 31 March 2024

3.5 The Clerk/RFO has constructed a Statement of Analysis of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) for publication on the Council's website.

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

4.1 Bank Reconciliations were completed regularly throughout the year of account.

4.2 The Council agreed on 5 September 2023 to trial the use of on-line banking with Santander with the Clerk/RFO acting as the online administrator with one (of two) Councillors authorising payments electronically.

4.3 The Santander bank statement as at 31 March 2024 displayed a balance of £10,177.27 as at 31 March 2023 and reconciled with the End of Year 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 audit trails were examined and 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 The Council has an Internal Control Statement in place and a copy is published on the Council's website.

6.2 The Council's General Risk Assessment provides details of identified risks, the level of risk (H, M or L), the internal control arrangements in place to mitigate the risks, the actions taken by the Council and Clerk/RFO in that respect and confirmation of the adequacy of the procedures in operation. The Risk Assessment is detailed under the headings of Financial and Management and Physical Equipment/Areas and Emergencies.

6.3 The Council also has a Property Risk Assessment document in place which includes the risks attached to the play equipment. A copy of both the General Risk Assessment and the Property Risk Assessment has been published on the Council's website.

6.4 The Council reviewed the updated Risk Assessments and Internal Control Arrangements at its meeting on 12 March 2024. The existing Internal Control Arrangements were approved (Minute 6-12/03/24 refers).

6.5 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.

6.6 Insurance was in place for the year of account. At the meeting on 18 October 2022 the Council agreed the payment of £298.45 to CAS (Insurance) for the insurance premium for the year 1 October 2022 to 30 September 2023. The Policy was provided by Royal & Sun Alliance. The Employer's Liability cover and the Public Liability cover each stood at £10m. and the Fidelity Guarantee (Councillor/Employee Dishonesty) cover stood at £25,000.

6.7 At its meeting on 14 November 2023 the Council ratified the payment of the insurance premium to Community Action Suffolk (CAS) for the insurance cover for the year 1 October 2023 to 30 September 2024. The Policy had a cost of £305.26 and is provided by Ansvar Insurance and, similar to the previous year, the Employer's Liability cover and the Public Liability cover each stand at £10m. The Fidelity Guarantee (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.

6.8 One of the most significant risks for many smaller local councils relates to play equipment. In this respect, the Council receives regular reports upon playground issues. The annual RoSPA inspection was undertaken by Playsafety Ltd. At its meeting on 14 September 2023 the Council considered the annual RoSPA Inspection Report and the remedial action required to be taken. The Report identified several medium risk areas in the playground that required some maintenance. The Council continued to receive reports on playground issues, including maintenance requirements, during the remainder of the 2023/24 year.

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

7.1 Shottisham Parish Council is designated as a 'Smaller Council'. The Council's website is: <http://shottisham.suffolk.cloud/>

7.2 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. Included within the published Minutes and Reports to Council meetings.*
- b) *Annual Governance Statement: 2022/23 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2022/23 AGAR Annual Return, Section Two. Published on website.*
- d) *Annual Internal Audit report within 2022/23 AGAR Annual Return. Published on website.*
- e) *List of councillor or member responsibilities. Published on website.*
- f) *The details of public land and building assets (Asset Register). Asset Register published on website.*
- g) *Minutes, agendas and meeting papers of formal meetings. Published on website.*

7.3 The Council is 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)' on a publicly accessible website. The Internal Auditor was able to confirm that the appropriate document was readily accessible 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.

7.5 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 at the date of the audit as being easily accessible on the Council's website.

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

Precept 2023/24: £5,250.00 (10 January 2023, Minute 6-10/01/23 refers).

Precept 2024/25: £5,500.00 (9 January 2024, Minute 7-09/01/24 refers).

8.1 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.

8.2 Good budgetary procedures are in place. The Council considered a Draft Budget for 2023/24 at its meeting on 8 November 2022 and agreed that a revised Budget, with proposals for the level of Precept, would be considered at the meeting in January 2023. The Draft Budget was approved and the Precept formally agreed by the Council at its meeting on 10 January 2023.

8.3 Similarly, the Council considered a Draft Budget for 2024/25 at its meeting on 14 November 2023 and agreed some spending requirements for the year. At the meeting on 9 January 2024 the Council confirmed the 2024/25 Budget and agreed the Precept requirement.

8.4 The Overall Reserves available to the Council at the year-end 31 March 2024 were £10,177.27 of which £5,000 has been Earmarked for playground repairs and new equipment.

8.5 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) were accordingly £5,177.27 (94% or 11 months equivalent of the 2024/25 Precept) and are in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the JPAG Proper Practices Guide, Item 5.33 refers).

8.6 As at 31 March 2024 the Council maintained sufficient Overall 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*).**

9.1 Income totalling £5,747.60 is recorded in the year of account and consisted of Precept (£5,250) and the VAT repayment from HMRC (£497.60).

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

10.1 No Petty Cash is held. An expenses system is in place with cheques made out for expenses incurred.

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

11.1 Payroll Services are being operated in-house. PAYE is being operated with payments being made to HMRC. The P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor.

11.2 At the meeting on 7 March 2023 the Council reviewed the Clerk/RFO's salary against the National Salary Award for Local Government Officers and agreed to increase the salary to Scale Point 15 (Minute 11-07/03.23 refers).

11.3 With regard to the Council meeting the legislation on workplace pensions, the Clerk/RFO confirmed that the latest re-declaration of compliance to the Pensions



Regulator was made on 13 July 2023. (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 copy of the Asset Register was reviewed, updated and agreed by the Council at the meeting held on 16 May 2023.

12.2 The Council also reviewed the Asset Register at the meeting held on 12 March 2024 and noted that it would need to be amended for 2024/25 to include the generator purchased by the Council on 5 June 2023 and the insurance cover updated to include this new asset,

12.3 As at 31 March 2024 the Asset Register displayed a total of £53,859, a net increase of £769 over the value of £53,090 listed in the AGAR at the end of the previous financial year, 31 March 2023. The increase reflects the additions of the Generator (£269) and the Clerk/RFO's laptop (£500).

12.4 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are recorded at original purchase cost. The value as at 31 March 2024 has been correctly entered into Box 9 of the AGAR 2023/24.

**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 detailed financial reports, including bank balances, to Council meetings and Councillors are provided with information to enable them to make informed decisions.

13.2 Details of payments made and income received are listed within the Minutes of the Council's meetings as part of the Council's overall framework of financial control. In addition, the audit confirmed that:

(a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

(b) invoices/vouchers for payment are signed or initialled by two Cheque Signatories in confirmation of the payment being correctly made.

(c) Cheque Book counterfoils are initialled by two Cheque Signatories in accordance to the requirements of the Council's Financial Regulations under 'Instructions for the Making of Payments'.

13.3 The internal Verifier's Report for 2022/23 and the Internal Audit report for the previous year 2022/23 were received by the Council at its meeting on 16 May 2023. The audit report confirmed that the Council had maintained effective financial administration and internal control arrangements during the year 2022/23 and no issues of concern were raised.

13.4 The Internal Auditor for the year 2023/24 was formally appointed by the Council at the meeting held on 12 March 2024 (Minute 6-12/03/24 refers).

**14. External Audit (*Exemption Certificate completed. Any recommendations put forward/comments made by External Auditors following the annual review*).**

14.1 An External Audit was not required in the year 2022/23. At its meeting on 16 May 2023 the Council agreed to complete the Certificate of Exemption from a Limited Assurance Review for 2022/23. A copy of the Certificate has been published on the Council's website.

14.2 For the year 2023/24 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. I would particularly like to commend the Clerk/RFO for the careful presentation of the Council's documents for the audit.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**25 April 2024**