

## **Report to Dalham Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2022**

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

1.1 The Internal Audit work undertaken confirmed that during the 2021/22 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 on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and control.

1.2 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the current Clerk, in the role of the Council's RFO, is satisfactorily undertaking the administration of the Council's financial affairs and is providing 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: £7,388.64*  
*Total Payments in the year: £7,390.07.*  
*Total Reserves at year-end: £8,108.40*

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 2021/22 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £8,110</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £6,832</i>
<i>Total Other Receipts:</i>	<i>Box 3: £557</i>
<i>Staff Costs:</i>	<i>Box 4: £2,799</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £4,592</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £8,108</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £8,108</i>
<i>Total fixed assets:</i>	<i>Box 9: £12,442</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR were approved and signed at the meeting of the Council on 19 May 2022. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 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 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 19 May 2021. 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 have been published on the Council's website. The Standing Orders are in line with the latest model documents and guidance issued by the National Association of Local Councils (NALC). At the meeting held on 21 July 2021 the Council reviewed and approved amendments to the Standing Orders (Minute 11b refers).

2.3 Similarly, Financial Regulations are in place and are also published on the Council's website. The Regulations are in line with the latest model documents and guidance issued by NALC. At its meeting on 21 July 2021 the Council reviewed the Financial Regulations and resolved that no amendments were necessary (Minute 11a refers).

2.4 At the meeting on 19 May 2021 the Council considered the use the General Power of Competence (GPoC) which gives eligible Councils the power to do anything that individuals may generally do. It was resolved that the Council fulfilled the eligibility criteria (two thirds of councillors elected at the last ordinary election and the Clerk completed the Certificate in Local Council Administration) and would adopt the power and use it when there is no specific legislation to be used to carry out its functions (Minute 6 refers). The GPoC can continue, once correctly declared, until the next election of Full Council even where the eligible criteria may not continue to be met by, for instance, a change in the Clerk/RFO.

2.5 The Clerk in place at the beginning of the 2021/22 financial year was Mrs Joanne Kirk. At the meeting on 19 May 2021 Mrs Kirk reported to Council her intention to resign before September 2021. The Council discussed the appointment of a new Clerk in a confidential session at the meeting on 21 July 2021 (Minute 17a refers). The Council's current Clerk/RFO, Mrs Antonia King, was appointed as from 1 September 2021.

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

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 ZA268474 refers, expiring 3 October 2022). The Council approved the registration renewal payment to the ICO at the meeting on 18

November 2022. **The Registration displays the out-of-date contact address of 15 Klondyke, Bury St Edmunds, Suffolk IP32 6DB The Clerk/RFO has agreed to advise the ICO of the current contact address to ensure that any data protection issues are correctly routed to the current Clerk/RFO.**

2.8 Formal Data Protection Policies and Procedures have been adopted by the Council including a Data Retention Policy, Lawful Processing Policy, General Privacy Policy, Contact Privacy Policy, Data Security Breach Policy and a Subject Access Procedure, all of which have been published on the Council's website.

2.9 Similarly, the Council maintains a Freedom of Information (FOI) Act Publication Scheme and a copy is published on the website.

2.10 The Council demonstrates good practice by maintaining a wide range of other formal Policies, Procedures and Protocols. At its meeting on 18 November 2021 the Council considered and formally approved an Internet Banking Policy, Equality and Diversity Policy, Media Policy, Environmental Policy and Complaints Procedure, all of which have been published on the Council's website.

2.11 At its meeting on 12 August 2014, the Council resolved to adopt the Suffolk Local Code of Conduct for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. The Council approved the LGA Code of Conduct at its meeting on 19 May 2022 and a copy has been published on the Council's website.

2.12 The Council has published a Website Accessibility Statement to assist its compliance with the current website accessibility legislation.

### **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 Scribe accounting system is in place and supports the End of Year Accounts 2021/22. VAT payments are tracked and separately identified within the Cashbook.

3.2 The Scribe system is well referenced and provides a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. The documents provided good evidence in support of the receipts and payments in the year. The Clerk/RFO demonstrated to the Internal Auditor the procedure for recording the data, with supporting invoices and vouchers in place.

3.3 The Clerk/RFO confirmed that the Scribe accounting system is more appropriate to local councils with a greater number and value of transactions passing through the accounts and it is not intended to use Scribe for the 2022/23 year of account.

3.4 Relatively small amounts of VAT are paid each year. The VAT refund of £316.17 for the year 2020/21 was received at bank on 13 April 2021 and reported to Council on 19 May 2021 (Minute 10c refers).

3.5. A Statement of Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has been prepared by the Clerk/RFO.

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

4.1 At each meeting of the Council, a checklist of Internal Controls is considered and approved and signed by the authorised Councillors. The Checklists were examined by the Internal Auditor.

4.2 At the meeting on 17 March 2022 Councillors signed the Checklist of Internal Controls and the document was approved by the Council (Minute 9d refers).

4.3 Accordingly, it is considered that the Council complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once each financial year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

4.4 In addition, the Council has a comprehensive Risk Assessment and Management (financial) Risk Assessment document in place which was approved by the Council on 19 May 2022, when the checklist of Internal Controls and Internal Control Statement for the year ending 31 March 2022 was also approved. The Council's review and approval of both the Internal Control document and the separate Risk Management document within the same year of account will clearly evidence the Council's full compliance with the Accounts and Audit Regulations 2015.

4.5 Insurance was in place in the year of account. At the meeting on 16 September 2021 the Council considered the quotations received and, subject to confirmation regarding some details, agreed to adopt the BHIB quotation at a cost of £373.58 (Minute 9h refers).

4.6 The insurance cover runs from 1 October 2021 to 30 September 2022 under a 3-year long-term agreement ending on 30 September 2024. Public Liability cover and Employer's Liability cover both stand at £10m. The Fidelity Insurance (Councillor/Employee Dishonesty) cover 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.

4.7 As part of the risk management framework in place, at its meeting on 18 November 2021 the Council agreed and formally adopted an Emergency Plan (Minute 12 refers). A Draft Copy of the Plan has been published on the Council's website.

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

Precept 2021/22: £6,382.00

Precept 2022/23: £7,029.00

5.1 A Budget for 2021/22 was considered by the Council at its meeting on 20 January 2021 and a Precept of £6,382 agreed, The Precept for 2021/22 was agreed in Full Council and the precept decision and amount has been clearly Minuted (Minute 9f refers).

5.2 A Draft Budget for 2022/23 was initially considered by the Council at its meeting on 18 November 2021 and it was agreed that there would be no change in the Precept amount. However, at the meeting on 20 January 2022 the Council noted that the verge cutting was expected to increase by at least 25% due to changes in diesel regulations. To reflect this, the Council agreed to increase the precept to £7,029.00 for the year 2022/23 and the Chair and the Clerk/RFO signed the necessary paperwork (Minute 8e refers).

5.3 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 to ensure that Councillors had sufficient information to make informed decisions.

5.4 The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

5.5 The Council's Overall Reserves at the year-end 31 March 2022 totalled £8,108.40, of which £4,300.00 has been Earmarked as follows:

Election Costs:	£700
Asset management:	£1,000
Community projects:	£500
Clerk and Councillor training:	£100
Road/footpath safety:	£1,000
Wildlife friendly village project:	£1,000

5.6 The General Reserves (Overall Reserves less Earmarked Reserves) accordingly were £3,808.40 which is in line with the generally accepted Best Practice position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.32 refers).

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

6.1 Receipts recorded in the Cashbook consisted of Precept (£6,832), VAT Refund (£316.17), Refund of Three Villages Walks Leaflet (£240) and Bank Interest £0.47).

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

7.1 A Petty Cash system is not in use; an expenses system is in place, with cheques or online payments being made being made out for expenses incurred in the year.

**8. Publication Requirements and the Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).**

8.1 Under the provisions of the Transparency Code, Dalham Parish Council can be designated as a 'Smaller Council'.

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

8.3 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:  
Payments listed within the published Minutes on the website
- b) Annual Governance Statement, AGAR, Section One:  
2020/21 published on website
- c) End of year accounts, AGAR, Section Two:  
2020/21 published on website
- d) Annual Internal Audit report within AGAR:  
2020/21 published on website
- e) List of councillor or member responsibilities:  
Published on the website
- f) Details of public land and building assets (Asset Register):  
Asset Register Published on the website. The Council does not own land or building assets
- g) Minutes, agendas and meeting papers of formal meetings:  
Published on the website

8.4 The Council is complying with the requirements of the Transparency Code 2015. The Council approved the Financial Report required to be published as part of the Transparency Code at its meeting on 19 May 2021 (Minute 10j refers).

8.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 requires 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 current Clerk/RFO and the Internal Auditor was unable to confirm that the previous Clerk/RFO had published the document for the year 2020/21 on the Council's website to display the Date of**

**Announcement, Details of Person to contact to view the accounts and the Details of the person making the announcement.**

8.6 The current Clerk/RFO has correctly published the Notice of Public Rights for the 2021/22 year of account.

8.7 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 as easily accessible on the Council's website.

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

9.1 Payroll Services are operated in-house in accordance with HMRC requirements and detailed payslips are produced.

9.2 At its meeting on 19 May 2021 the Council resolved that the standing order for the Clerk's salary would be amended to reflect the pay increase agreed at the meeting on 10 November 2020.

9.3 The NJC new rates of pay applicable for Local Government Officers from 1 April 2021 were noted by the Council at its meeting on 17 March 2022 (Minute 12 refers). The backdated pay owed to Mrs A King and Mrs J Kirk was approved by the Council and was reflected in the March salary payments.

9.4 A Contract of Employment dated 4 August 2021 is in place for the Clerk. The Contract confirms the NJC salary scale of SCP 13 at 4 working hours per week. At the meeting on 19 May 2022 the Council formally noted that the Parish Clerk is appointed as the Council's Responsible Finance Officer (RFO) for the Council as part of her Contract of Employment.

9.5 With regard to the Council meeting the legislation relating to workplace pensions, the Clerk/RFO confirmed that she had received details from the Council of her rights under the legislation.

9.6 It is uncertain when the Council last submitted a re-declaration of compliance under the Pensions Act 2008 to the Pensions Regulator. The Clerk/RFO agreed to examine this matter during 2022/23. (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).

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

10.1 At its meeting on 19 May 2021 the Council received an update on the inspection of parish property completed on 15 May 2021 by the nominated Councillor (Minute 10f refers).



10.2 An Asset Register is in place and was reviewed, updated and approved by the Council at the meeting held on 17 March 2022 (Minute 10g refers). As at 31 March 2022, the Asset Register displayed a total valuation of £12,442 an increase of £279 from the value of £12,163 at the end of the previous year, 31 March 2021, and reflects the acquisition of the Clerk/RFO's computer in January 2022.

10.3 The assets are valued at purchase cost. The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year.

10.4 The value has been correctly entered into Box 9 of Section 2 of the AGAR.

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

11.1 Bank Statements are received by the Council as a matter of routine and verified and signed by nominated Councillors at the meetings.

11.2 The Barclays Community Current Account (£3,599.37) and the Reserve Account (£4,509.03) bank statements as at 31 March 2022 reconciled to the End-of-Year accounts and agreed with the overall Bank Reconciliation.

**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 and were in good order. 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 comprehensive financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

13.2 The Council demonstrates good financial practice by receiving at each meeting a Schedule of receipts received and expenditure incurred since the previous meeting. The Council also receives a Schedule of Payments awaiting authorisation and payment and details of the financial position of the Council, including the amount of bank balances.



13.3 At the meeting on 21 July 2021 the Council agreed to continue to use electronic banking (Minute 7f refers). To ensure the adherence to national best practice guidelines and to maintain financial control, the Clerk/RFO advised the Council on 16 September 2021 that there should be three members of the Council who have access to the Council's bank accounts and are able to view transactions online; two of the three authorised Councillors would approve any online payments. The Clerk/RFO would be able to set up the payments but not authorise them. The Council agreed that this matter should be rectified (Minute 9f refers).

13.4 The arrangements for the approval of payments under on-line banking were confirmed by the Council at its meeting on 18 November 2021 (Minute 9f refers). The Clerk/RFO demonstrated to the Internal Auditor the procedure in place whereby the payment is initiated by the Clerk/RFO and is then authorised by two (of three) Councillors to release the payment.

13.5 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework. The legislative basis on which payment is made is notated against the items of expenditure.

13.6 The Internal Audit Report for the previous year, 2020/21, was undertaken by Cathy Whitaker and was received by the Council at its meeting on 19 May 2021 (Minute 10f refers). The Report had raised no matters of concern.

13.7 The Council appointed the Internal Auditor for the 2021/22 year at its meeting on 17 March 2022 (Minute 9f refers).

**14. External Audit (*Exemption declared or any Recommendations put forward/ comments made following the Limited Assurance Review*).**

14.1 An External Audit was not required in the year 2020/21. At its meeting on 19 May 2021 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 10i refers).

14.2 For the year 2021/22 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.

14.3 The Certificate of Exemption for 2021/22 was approved and signed at the Council's meeting on 19 May 2022.

**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**

**6 June 2022**