

Internal Audit Report for Dalham and Dunstall Green Parish Council

for the period ending 31 March 2024

Clerk	Antonia King
RFO (if different)	As above
Chairperson	John Riddell
Precept	£ 7,579.00
Income	£ 7,999.99
Expenditure	£ 6,295.29
General reserves	£ 32.01
Earmarked reserves	£ 8,000.00
Audit type	Annual
Auditor name	Julie Lawes

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources

- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- the integrity and reliability of information, accounts, and data

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2022/23 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

Section 1 – proper bookkeeping The internal auditor will look at the methods and processes used to manage the council's accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
Evidence		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	YES	The council uses an excel spreadsheet to produce reports on a Receipts and Payments basis and ensures that the financial transactions of the parish council are as accurate as reasonably practicable. All transactions are well referenced and provide an effective tool for the basis of the council's internal controls.
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i> (under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)	YES	Council accounts are recorded on a payments and receipts basis.
<i>Is the cash book up to date and regularly verified?</i>	YES	Council follows Proper Practices in ensuring that its accounting procedure gives an accurate presentation of an authority's true financial position.
<i>Is the arithmetic correct?</i>	YES	A number of spot checks were carried out and the functionality of the cashbook was found to be in order.
Additional comments:		

Section 2 – Financial Regulation and Standing Orders The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	YES	Standing Orders were adopted by council at a meeting held 8 th November 2023. These were available to view on the council website. Standing Orders are based on the latest model published by the National Association of Local Councils (2018) and contain the provisions of the Model Councillor Code of Conduct as adopted by the Council. The Standing Orders are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the Parish Council. COMMENT: At the next review of the Standing Orders, council might look to review and amend Section 16. Financial Controls and Procurement to reflect the changes made to the procurement thresholds from £25k to £30k.
Are Financial Regulations up to date and reviewed annually?	YES	Financial Regulations as seen on the Council's website were reviewed and adopted by council at a meeting held 13 th March 2024 and are based on the NALC Model Financial Regulations. COMMENT: As above, at the next review council might look to review and amend Section 11. Contracts, to the revised figure.
Has the Council properly tailored the Financial Regulations?	YES	The Council's Financial Regulations have been tailored to the Parish Council.
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	YES	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. This was confirmed by full Council at its meeting held 10 th May 2023 and in accordance with its own Financial Regulations 1.8.

¹ Section 151 Local Government Act 1972 (d)

<i>Additional comments:</i>		

Section 3 – Payment controls

The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.

Evidence		Internal auditor commentary
Is there supporting paperwork for payments with appropriate authorisation?	YES	A selection of random payments was cross checked against the schedule of payments, cash book, bank statement and invoices and all were found to be recorded/ authorised in accordance with Proper Practices.
Where applicable, are internet banking transactions properly recorded and approved?	YES	Council approves and records all payments at their meetings with two councillors signing the Schedule of Payments. Council has in place an Internet Banking Policy as published on the website which details the Clerk/RFO sets up the payment with an approved signatory authorising payment. Bank Statements are checked and signed at each meeting of the council. Annual BACs payments and Direct Debits for the period under review were approved and detailed within the minutes at a meeting held 10 th May 2023.
Is VAT correctly identified, recorded, and claimed within time limits?	YES	Councils accounts detail a VAT claim carried over from 2022/2023 of £180.67 and £227.21 from 2023/2024. A claim was made for the total value of £372.88 which was recorded as received on the 12 th March 2024 and evidenced as income received on the Lloyds Bank Treasurers Account statement.

Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	Council has not adopted the General Power of Competence.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	YES	Council has identified two s137 payments made during the period under review, totalling £800.00. This is within the statutory limits with both payments approved at a council meeting held 13 th September 2023.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	Council has no loans
Additional comments:		

Section 4 – Risk management		
The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		
Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	YES	The risk assessment documentation as reviewed provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The Risk Register for the year under review was considered and adopted by full Council at its meeting of 13 th March 2024.

² Localism Act

³ Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £9.93 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

<i>Is there evidence that risks are being identified and managed?</i>	YES	There is evidence that Council has taken action to identify and assess risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.
<i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i>	YES	Council has insurance in place under a specialist policy for local councils with Clear Councils which shows core cover for the following: Public/Products Liability: £10m; Employers Liability £10m and Fidelity Guarantee of £50k. The insurance cover was reviewed and discussed at a meeting held 19 th September 2023, with final confirmation, following a query, noted on the 8 th November 2023.
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	YES	In accordance with Regulation 6 of the Accounts and Audit Regulations 2015, Council carried out multiple reviews of its internal controls, confirming the financial and management systems of the council were sound and adequate and internal control arrangements were efficient and effective to address the risks associated with the management of public finances.
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	YES	The effectiveness of the internal audit was discussed at a meeting held 12 th July 2023.
Additional comments:		

⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

Section 5 – Budgetary controls		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
Evidence		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	YES	The budget for the year 2023-2024 was approved at the Council meeting of 17 th November 2022.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	YES	The precept was set at £7,579 for 2023/2024, as confirmed at the above meeting.
<i>Regular reporting of expenditure and variances from budget</i>	YES	The minutes evidence that Council carried out quarterly reviews, with a 6 month budget review discussed 8 th November 2022.
<i>Reserves held – general and earmarked⁶</i>	YES	The Council, as at year-end, had Earmarked Reserves totalling £8,000 with the balance being General Reserves of £32.01. A detailed breakdown of the earmarked reserves is held within its accounting records.
Additional comments:		

⁶ In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

Section 6 – income controls		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
Evidence		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	YES	Council only recorded income from bank interest, the precept and one VAT payment from HMRC.
<i>Is income reported to full council?</i>	YES	In accordance with the Council’s Standing Orders income received is reported to full Council within the financial reports submitted to full Council.
<i>Does the precept recorded agree to the Council Tax Authority’s notification?</i>	YES	Council received precept in the sum of £7,579 from West Suffolk Council for the period under review as reported to full Council. Evidence was provided showing a full audit trail from Precept being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council’s Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	N/A	Council does not hold CIL funds.
<i>Is CIL income reported to the council?</i>	N/A	
<i>Does unspent CIL income form part of earmarked reserves?</i>	N/A	
<i>Has an annual report been produced?</i>	N/A	
<i>Has it been published on the authority’s website?</i>	N/A	
Additional comments:		

⁷ Community Infrastructure Levy Regulations 2010

Section 7 – petty cash The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	Council does not operate a petty cash system.
<i>If appropriate, is there an adequate control system in place?</i>	N/A	
Additional comments:		

Section 8 – Payroll controls		
The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
Evidence		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	YES	Council had 1 employee on its payroll at the period end of 31 st March 2024. Employment contracts were not reviewed during the internal audit but the Clerk to the Council has confirmed that a Contract of Employment is in place.
<i>Has the Council approved salary paid?</i>	YES	
<i>Minimum wage paid?</i>	NO	All salary payments are presented to the Council for approval and payments made in accordance with Council's own Financial Regulations. Minimum wage is not paid.
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	YES	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	N/A	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines. No PAYE/NI payments were due to HMRC for the period under review.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	YES	Council is aware of its pension responsibilities. Evidence was provided detailing a re-declaration of compliance was carried out 01 st April 2023.
<i>Have pension re-declaration duties been carried out</i>	YES	As above

⁸ The Pension Regulator – [website click here](#)

<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	YES	There is a satisfactory expense system in place and all staff expenses claimed are approved in accordance with Council's Financial Regulations.
Additional comments:		

Section 9 – Asset control The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.		
Evidence		Internal auditor commentary
<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i>	YES	The Asset Register, as viewed on the Council's website, and as approved at the meeting of 13 th March 2024 reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end 31 st March 2024 is £13,085.87. The value of the assets is included within the register, alongside the date acquired. Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	YES	
<i>Are records of deeds, articles, land registry title number available?</i>	N/A	
<i>Are copies of licences or leases available for assets sited at third party property?</i>	N/A	The Clerk confirmed council does not lease any land.

⁹ Practitioners Guide

<i>Is the asset register up to date and reviewed annually?</i>	YES	<p>The Asset Register records regular reviews with council documenting within its minutes at a meeting held 10th May 2023 the addition of new items with the final review detailed as taking place 13th March 2024.</p> <p>The Draft Annual Governance and Accountability Return for Internal Audit show an asset value of £13,086 which is in accordance with its maintained records.</p>
<i>Cross checking of insurance cover</i>	YES	The council has ensured its assets are covered within its insurance.
<i>Additional comments:</i>		

Section 10 – bank reconciliation

The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.

Evidence		Internal auditor commentary
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	YES	Bank reconciliations are completed at each meeting and reconcile with the cash sheets.
<i>Do bank balances agree with bank statements?</i>	YES	Bank balances agree with period end statements and, as at year end 31 st March 2024 the balance across the council's accounts stood at £8,032.01 as recorded in the Draft Statement of Accounts and on the Year-end Bank Reconciliation.
<i>Is there regular reporting of bank balances at Council meetings?</i>	YES	Balances across the Council's accounts are reported at each meeting of full Council. The minutes demonstrate that a review of the bank reconciliation versus the bank statements has been undertaken. This is not only good practice but is also a safeguard for the RFO and fulfils one of the authority's internal control objectives

Section 11 – year end procedures		
Evidence		Internal auditor commentary
Are appropriate accounting procedures used?	YES	Accounts are produced on a receipts and expenditure/ basis, and all found to be in order.
Financial trail from records to presented accounts	YES	The end of year accounts and supporting documentation were well presented for the internal auditor review.
Has the appropriate end of year AGAR ¹⁰ documents been completed?	YES	The Council is a smaller authority with gross income and expenditure not exceeding £25,000.
Did the Council meet the exemption criteria and correctly declared itself exempt?	YES	As the Council was a smaller authority with a gross income and expenditure not exceeding £25,000 for the period under review, it was able to certify itself as an exempt authority which was confirmed at a meeting of the Council on 10 th May 2023.
During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?	YES	During the review of the publication requirements of the Accounts and Audit Regulations 2015, it is noted that, for the year 2022-2023, the Council correctly provided for the exercise of elector's rights. The RFO had set the dates for the inspection of the Council's accounts and associated documents as Monday 5 th June to Friday 14 th July 2023 with the date of the notice being 17 th May 2023. This was also documented within the council minutes from the meeting held 10 th May 2023.

¹⁰ Annual Governance & Accountability Return (AGAR)

<p><i>Have the publication requirements been met in accordance with the Regulations?¹¹</i></p>	<p>YES</p>	<p>The Council has complied with the requirements of the Regulations for smaller authorities with income and expenditure not exceeding £25,000 and published the following on a public website: Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statements of the AGAR Certificate of Exemption Annual Internal Audit Report Analysis of variances Bank Reconciliation Notice of the period for the Exercise of Public Rights</p>
<p><i>Additional comments:</i></p>		

¹¹ Accounts and Audit Regulations 2015

Section 12 – internal audit		
The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	YES	Council considered the previous internal audit report at a meeting held 12 th July 2023.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	N/A	Council had no recommendations to action.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	YES	SALC was appointed auditor for the period under review at a meeting held 13 th March 2024.
Additional comments:		

Section 13 – external audit for the period under review		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		Internal auditor commentary
Has the Council considered the previous external audit report? ¹²	N/A	As the council was a smaller authority with income / expenditure not exceeding £25k it was exempt from a Limited Assurance Review.
Has appropriate action been taken regarding the comments raised?	N/A	As above
Additional comments:		

¹² Regulation 20 Accounts and Audit Regulations 2015 – following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.

Section 14 – additional information		
The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
Evidence		Internal auditor commentary
Was the annual meeting held in accordance with legislation? ¹³	Partly Met	Council held its Annual Parish Council meeting on the 10 th May 2023 with the first item on the agenda the election of the Chairman. COMMENT: Councils minutes do not run in order of the agenda, with item 1 recorded as to receive the declaration of Acceptance of Office for the elected councillors.
Is there evidence that Minutes are administered in accordance with legislation? ¹⁴	YES	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.
Is there a list of members' interests held?	YES	Evidence was seen on the West Suffolk Council website for the Register of Interests for all current Parish Councillors with a direct link from the Council's own website.
Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?	N/A	Council does not have any Trustee Responsibilities.
Has the Transparency Code been correctly applied, and information published in accordance with current legislation?	YES	To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), Council is aware that the following should be published on a public website for the year 2019/20 not later than 1 July: Internal Audit Report List of Councillors and Responsibilities Items of Expenditure Above £100 including recoverable and non-recoverable VAT End of Year Accounts Annual Governance Statement

¹³ The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

¹⁴ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		Asset Register and that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency code for smaller authorities – December 2014.
<i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁵</i>	YES	The Council is registered with the ICO as a data controller. Registration Certificate ZA268474 expiry date October 2024.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	YES	Council has taken active steps to ensure compliancy with the GDPR requirements and has adopted a number of GDPR Policies that provides clear responsibilities and obligations of the Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. Policies were reviewed and updated at a meeting of council held 8 th November 2023.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	YES	The council has published a Website Accessibility Statement which details its last review on 11 th August 2020 by One Suffolk. COMMENT: Council should ensure it has in place a plan to carry out periodic reviews of this statement to ensure compliancy.
<i>Does the council have official email addresses for correspondence?¹⁷</i>	YES	Council operates with a .gov.uk email address complying with GDPR and demonstrating that the council has an official status thereby building trust, credibility and authenticity.
<i>Is there evidence that electronic files are backed up?</i>	YES	Electronic files are backed up to One Drive (the cloud), with the addition of a monthly back up to a hard drive.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	The Council does not have Committees.
Additional comments:		

¹⁵ Data Protection Act 2018

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide

Signed: ***J. Lawes***

Date of Internal Audit Visit: N/A

Date of Internal Audit Report: 25th April 2024

On behalf of Suffolk Association of Local Councils