

Report to Westhall Parish Council

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

1. Introduction and Summary.

1.1 The essential information required for the completion of the Internal Audit was e-mailed by Mrs Ann Donnachie, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically.

1.2 All relevant published data held on the Council's website was accessed by the Internal Auditor. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were accordingly completed.

1.3 The Internal Audit work undertaken confirmed that during the 2021/22 year effective and efficient financial administration was in operation. By examination of the 2021/22 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.

1.4 The Accounts for the year confirm the following:

Total Receipts for the year: £4,685.79

Total Payments in the year: £3,708.24

Total Reserves at year-end: £7,637.75

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

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £6,660</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £4,000</i>
<i>Total Other Receipts:</i>	<i>Box 3: £686</i>
<i>Staff Costs:</i>	<i>Box 4: £1,593</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £2,115</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £7,638</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £7,638</i>
<i>Total fixed assets:</i>	<i>Box 9: £10,474</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.6 Sections One and Two of the AGAR were approved and signed at the Council's meeting on 9 May 2022. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 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 Annual Parish Council meeting was held on 17 May 2021. The first item of business was the Election of Chairman, in accordance with the requirements of the Local Government Act 1972.

2.2 Standing Orders are in place. A copy of the adopted Standing Orders has been published on the Council's website and confirm that they were reviewed and approved by the Council at its meeting on 14 June 2021.

2.3 Financial Regulations are in place. A copy of the adopted Financial Regulations has been published on the Council's website and confirm that they were reviewed and approved by the Council at its meeting on 14 June 2021.

2.4 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. The Minutes are consecutively numbered and signed by the Chairman at the meeting when approval is given.

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 ZA218208 refers, expiring 11 December 2022). The Council has a Privacy Policy in place and adopted a Data Protection and Information Management Policy at its meeting on 14 June 2021.

2.6 In response to the Freedom of Information requirements, the Council has adopted the model Publication Scheme and the website confirms that appropriate information is available on application to the Clerk/RFO.

2.7 A Code of Conduct applies to all Councillors for the purposes of assisting a Local Council to discharge its duty to promote and maintain high standards of conduct within its area. The Code was adopted by the Council at its meetings on 14 June 2021 and 9 May 2022. The Code highlights the requirements and responsibilities placed upon each individual Councillor.

2.8 The Council has published a Website Accessibility Statement which details what the Council has done to ensure that as many people as possible are able to use the website. The Clerk/RFO has been advised by the website host that the Council is complying with the current website accessibility requirements.

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 A well-constructed Cashbook Spreadsheet has been used to manage and control the Receipts and Payments in the year of account. The Spreadsheet displays the essential information required to ensure that adequate information and data is held to secure the necessary internal controls (date of payment, description of payment, transaction ID with the Total Amount analysed over appropriate cost headings).

3.2 The Spreadsheet was found to be in good order. VAT payments are tracked and separately identified. Payments made under Section 137 of the Local Government Act 1972 are also separately identified in the End of Year Accounts.

3.3 The Spreadsheet is well referenced and facilitates an audit trail to the bank statements, online payments and the financial information prepared by the Clerk/RFO. Similarly, the Receipts are analysed under appropriate headings with the transaction ID displayed to secure an audit trail.

3.4 As a result of the Internal Audit for 2021/22 being conducted remotely/electronically, the supporting invoices, vouchers and receipts were not examined in detail in all cases. The Clerk/RFO provided a sample of invoices to the Internal Auditor who confirmed that they were in order. The Clerk/RFO confirmed that that all payments made in 2021/22 were supported by invoices/vouchers.

3.5 Relatively small amounts of VAT are paid in the year (£108.95 is recorded in the Cashbook Spreadsheet as being paid in 2021/22). A re-claim to HMRC for £292.79 VAT paid in the period 1 October 2019 to 31 December 2021 was recorded as received at bank on 7 February 2022.

3.6 A Statement of Explanation of Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has been prepared by the Clerk/RFO for publication on the Council's website.

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 A Risk Assessment and Management (financial) document for the year 2021/22 was adopted by the Council at its meeting on 14 June 2021 (Minute 13 refers).

4.2 A Statement of Internal Control was adopted by the Council at its meeting on 12 July 2021 (Minute 6b refers). The Statement summarises the main elements of internal controls exercised within the Council. The Statement supports the Risk Assessments held by the Council and, by being reviewed each year alongside the Risk Assessments, enables the Council to meet the requirements of the Account and Audit Regulations 2015 in terms of completing the annual review/approval of Internal Control and Risk Management arrangements.

4.3 The Council accordingly complied during the year 2021/22 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.

4.4 Insurance was in place for the year of account. The Council approved the insurance quotation from Came and Company/Hiscox for insurance cover for the period 1 October 2021 to 30 September 2022 at the meeting held on 13 September 2021 (Minute 6b refers). Employer's Liability cover and Public Liability cover each stand at £10m. The Councillor/Staff Fraud and Dishonesty cover stands at £150,000, 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. The Council noted on 13 September 2021 that the policy includes public liability and asset cover for the Recreation Grounds.

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

Precept 2021/22: £4,000.00

Precept 2022/23: £4,009.95

5.1 The Draft Budget for 2021/22 was considered by the Council on 14 December 2020. The 2021/22 Precept for 2021/22 was agreed in Full Council and the precept decision and amount have been clearly Minuted (Council's meeting on 8 March 2021, Minute 5a refers).

5.2 Similarly, a Budget for the 2022/23 year was considered and agreed by the Council at its meeting on 10 January 2022 and a Precept of £4,009.95 was approved. The Precept was agreed in Full Council and the precept decision and amount has been clearly Minuted (Minute 305 5b refers).

5.3 The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. Detailed Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

5.4 The Council has sound budgetary procedures 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.

5.5 The estimates for 2021/22 were used effectively for financial control and budgetary control purposes. The Council noted at its meeting on 12 July 2021 that due to changes in the Clerk's salary the budget for this item required amendment and the Council agreed to update the budget to reflect this change (Minute 6c refers). The Half-Year Budget monitoring report for 2021/22 was presented to Council on 8 November 2021, when the preparation of the 2022/23 draft Budget was also discussed (Minute 304 5b refers).

5.6 The Council has a Reserves Policy in place to manage its General Reserves and Earmarked Reserves and to ensure that adequate funds are available to secure viability beyond the immediate future. The Policy was reviewed and approved by the Council at the meeting on 10 January 2022 (Minute 305 5b refers).

5.7 Overall Reserves at the year-end 31 March 2022 totalled £7,637.75 of which £933.50 were earmarked/restricted as follows:

Defibrillator: £433.50
Community Asset Purchase: £500.00

5.8 The General Reserves (Overall Reserves less the sums Earmarked) were accordingly £6,704.25. As at the 31 March 2022 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

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

6.1 Receipts in the year recorded in the Cashbook consisted of Precept (£4,000), VAT Refund from HMRC (292.79), Grants and Donations (£350), Allotment Rent (£30) and Miscellaneous (£13).

6.2 The Parish Council are the Trustees for three allotment sites within the village boundaries at Locks Road, Mill Common and Cox Common. The Council's website records that each allotment site consists of 10 full plots or 20 half plots. Annual rent per full plot is currently £6 and half plot £3 due on 1 November each year. The Clerk/RFO advised the Internal Auditor that the Minutes of Recreation Ground Allotments Meeting on 8 November 2021 do not mention any review of Fees charged and she will add an item for discussion on rents at the next meeting on 14 November 2022.

6.3 The previous Internal Audit noted that an Allotments Register is in place from which the Council controls the renewals and the rents due and received. The Clerk/RFO confirmed that most plot holders pay by BACS transfer directly into the Westhall Recreation Ground Charity Account and that only a few still pay by cash or by cheque (also paid directly into that Account). Any payments made into the Council's bank account are later transferred to the Recreation Ground Charity, as owner of the Allotments site.

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

7.1 A Petty Cash system is not in use; any expenses incurred and claimed back from the Council are reimbursed through the normal payment system.

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

8.1 Under the provisions of the Transparency Code, Westhall Parish Council can be designated as a 'Smaller Council'. The Council's website is:

<http://westhall.onesuffolk.net/>

8.2 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
Published – **Yes, listed in published Minutes of Council meetings.**
- b) Annual Governance Statement, AGAR, Section One:
Published (2020/21) – **Yes**
- c) End of year accounts, AGAR, Section Two:
Published (2020/21) – **Yes**
- d) Annual Internal Audit report within AGAR:
Published (2020/21) – **Yes**
- e) List of councillor or member responsibilities:
Published – **Yes**
- f) Details of public land and building assets:
Published – **No. The Clerk/RFO advised the Internal Auditor that details of land and buildings owned by the Council are not published for security reasons.**
- g) Minutes, agendas and meeting papers of formal meetings:
Published – **Yes**

8.3 As the Council has resolved not to publish details of any land and buildings owned, the Council is not in full compliance with the requirements of the Transparency Code. The Internal Auditor is accordingly required to state 'No' against the affirmation at Line L in the Annual Internal Audit Report 2021/22.

8.4 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require 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 form was published on the Council's website and displayed the Date of the Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement. The Council noted at its meeting on 12 July 2021 that the Notice has been published online and on the noticeboard and that the dates of the Rights of Access commenced on 29 June 2021 and ended on 9 August 2021 (Minute 6a refers).

8.5 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 as being 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 was operated in-house during 2021/22. The Clerk/RFO advised the Internal Auditor that from 1 April 2022 the Council is correctly registered for PAYE purposes and the Suffolk Association of Local Councils (SALC) is undertaking Payroll Services on behalf of the Council. During the year 2021/22 the Clerk/RFO's salary was paid on presentation to the Council of detailed payslips, signed by the Chairman.

9.2 A review of the Clerk/RFO's Contract of Employment was undertaken by the Council at the meeting on 14 June 2021 (Confidential Minute: Part 2 Item 15). A Contract of Employment dated 21 July 2021 is in place. During the year 2021/22 the Clerk/RFO was paid for 3 hours a week at NJC Scale Point 5 plus a monthly office allowance.

9.3 With regard to the legislation relating to workplace pensions, the Clerk/RFO has confirmed to the Internal Auditor that the Council completed a declaration of compliance under the Pensions Act 2008 and submitted the declaration to the Pensions Regulator on 2 February 2021 and an acknowledgement received on 3 February 2021. (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 An Asset Register is in place and as at 31 March 2022 displays a total valuation of £10,473.64, unchanged from the end of the previous year.

10.2 The assets are valued at cost or a proxy value (where the actual cost is unknown) which will remain unchanged until disposal.

10.3 A separate Register is maintained under the heading 'Parish Trust' in respect of the land and other Playing Field Charity assets held under the Council's Sole Trusteeship.

10.4 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 2021/22.

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

11.1 The Council demonstrates good financial practice by the Clerk/RFO presenting a Bank Reconciliation to meetings of the Council and publishing the Reconciliations on the Council's website.

11.2 The Barclays Bank Community Current Account (£7,636.75) and Business Premium Account (£1.00) 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 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 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 receives at each meeting a report of the financial position, including details of funds held and a completed bank reconciliation. The Council provides approval of any online payments to be processed and any made since the previous meeting of the Council.

13.3 The Clerk/RFO acts as the 'system administrator' for on-line banking, initiates each payment and acts as the first authorising signatory under the arrangements Barclays Bank has in place. The payment is then authorised electronically by a nominated Councillor to release the payment.

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

13.5 The Internal Audit Report for the year 2019/20 had put forward a number of recommendations and the Council had constructed an Internal Audit Implementation Plan to address the issues raised. Progress on the Implementation Plan was considered by the Council at its meeting on 14 June 2021, when the governance documents were discussed and adopted to comply with legislative requirements and recommended good practice (Minute 13 refers).

13.6 The Internal Audit Report for the year 2020/21 was received by the Council at its meeting on 12 July 2021 (Minute 6b refers). The Report put forward the following recommendation:

R1: In order to comply with the Accounts and Audit Regulations 2015, the Council should, each financial year, review the Risk Assessment documents which detail the controls in place to secure good governance, identify the risks (both financial and

otherwise) and record the actions in place to mitigate the risks identified. (The review by the Council for the year 2021/22 was completed on 14 June 2021).

13.7 The Internal Auditor for the year 2021/22 was appointed by the Council at its meeting on 14 March 2022 (Minute 306 refers).

14. Responsibilities as a Trustee (*Regarding the Council's role and responsibilities under the Charity Acts; submission of returns to Charity Commission*).

14.1 The Council is a Sole Trustee of the Westhall Recreation Ground Charity (Charity No: 304833). The Charity was registered with the Commission on 13 August 1965 as a Recreation Ground for events, fetes, sports events and allotments for the benefit of the residents of Westhall and the neighbourhood.

14.2 At the Council's meeting on 14 June 2021 the Clerk/RFO provided a financial report on the Recreation Ground Accounts for the year ended 31 March 2021. The Accounts were received, approved by the Council and signed by the Chairman (Minute 6e refers). A separate Asset Register is maintained in respect of the Parish Trust Assets.

14.3 The Charity Commission's Register of Charities confirm that the most recent annual update was for 31 March 2021, having been received by the Commission on 12 July 2021. The update displays Income of £169 and Expenditure of £1,140 in the 2020/21 year of account. Formal Accounts are not required to be submitted to the Commission as the Charity is below the Annual Return £10,000 threshold.

14.4 The Clerk/RFO presents relevant data and information, including bank reconciliation of accounts for the Charity, to Councillors as Trustees. As part of meeting its responsibilities as Sole Trustee, the Council noted on 8 November 2021 that the Clerk/RFO had obtained advice from the Charity Commission on setting up appropriate governance documents and provided a template for a Charitable Trusts - Model Trust Deed. The Council noted that the draft document is to be presented to Trustees in due course (Minute 7b refers).

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

15.1 An External Audit was not required in the year 2020/21. At its meeting on 14 June 2021 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year.

15.2 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. The Certificate of Exemption for the year 2021/22 was approved by the Council at its meeting on 9 May 2022.

16. Additional Comments.

16.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work and for the careful and comprehensive presentation of the data and documents required for the audit.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

24 May 2022