

Report to Barningham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2023

1. Introduction and Summary.

1.1 During the 2022/23 year the Parish Council maintained effective governance arrangements including an overall robust framework of financial administration and internal control. This Internal Audit review has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.2 By examination of the 2022/23 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £44,350.41

Total Payments in the year: £61,724.15

Total Reserves at year-end: £18,919.22

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £36,293</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £34,758</i>
<i>Total Other Receipts:</i>	<i>Box 3: £9,592</i>
<i>Staff Costs:</i>	<i>Box 4: £23,071</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £38,653</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £18,919</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £18,919</i>
<i>Total fixed assets:</i>	<i>Box 9: £137,715</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2022/23 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the 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 11 May 2022. The first item of business was the Election of a Chairman of the Parish Council, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and were reviewed and agreed by the Council at its meeting on 1 March 2023 (Minute 8.3 refers). The National Association of Local Councils (NALC) has published amendments at Section 18 (item f) of the model Standing Orders to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment can be included at the Council's next review of Standing Orders.

2.3 The Council also reviewed and agreed to adopt updated Financial Regulations at its meeting on 1 March 2023. NALC has advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to item 11.1 (c) can be included at the Council's next review of Financial Regulations.

2.4 Progress continued in the year 2022/23 regarding the production of the Barningham Neighbourhood Plan. The Council noted on 3 August 2022 that the Neighbourhood Plan Group was in a position to commence the preparation of the pre-submission draft of the Neighbourhood Plan. The Council noted on 1 February 2023 that meetings would be held with West Suffolk Council to ensure that the Neighbourhood Plan will be in conformity with the current and emerging Local Plan. The Council noted, as the "qualifying body", that it will be responsible for leading the consultation process and will need to formally approve the draft Neighbourhood Plan prior to public consultation, which the Council aims to take place in September 2023.

2.5 At its meeting on 11 September 2019 the Council resolved to adopt the General Power of Competence (GPoC). The Council confirmed that it met the required criteria with at least two-thirds of the Council being elected and the Clerk holding the Certificate in Local Council Administration (CiLCA). The Power remains in force until the election of the full Council in May 2023 when renewal can take place if the eligibility conditions are met.

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

2.7 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 ZA218067 refers, expiring 11 December 2023).

2.8 In response to the General Data Protection Regulations (GDPR) the Council has published on its website a Privacy Notice, including an explanation of the lawful basis for the processing of data.

2.9 The Council also has other formal Data Protection Policies in place, including an Information Protection Policy and an Information Security Incident Policy.

2.10 The Council has some other policies in place, including an Environment Policy and a Bullying and Harassment Statement (which was reviewed and agreed by the Council on 1 March 2023) and a Policy on Anonymous Communications.

2.11 At its meeting on 11 May 2022 the Council resolved to adopt the Model Councillor Code of Conduct 2020, as produced by the Local Government Association (LGA), for the purposes of discharging its duty to promote and maintain high standards of conduct within its area (Minute 21 refers). The Code was reviewed and agreed by the Council at its meeting on 1 March 2023 (Minute 8.3 refers). A copy of the Code has been published on the Council's website.

2.12 A Website Accessibility Statement has been published to assist in compliance with the website accessibility regulations and details what the Council has done to ensure that as many people as possible are able to use the website, provides technical information about the website's accessibility and lists contact details.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Council is using the Easy PC Accounts system software under licence from Mijan Ltd. The Cashbook is well referenced and provides a good audit trail to the Bank Statements and the financial information presented by the Clerk/RFO to the Council.

3.2 A sample of transactions was closely examined was found to be in order, with supporting invoices and vouchers in place. Section 137 payments are not required to be separately recorded as the Council applied the General Power of Competence in the year.

3.3 VAT paid is separately recorded in the Cashbook to support re-claims to HMRC. No reclaims for VAT paid were received/recorded in the year of account.

3.4 A Statement of Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) has been prepared by the Clerk/RFO for presentation to the External Auditors and for publication on the Council's website.

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

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

4.2 The Barclays Community Current Account and the Barclays Business Premium Account statements as at 31 March 2023 reconciled to the End-of-Year accounts and agreed with the overall Bank Reconciliation.

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

5.1 At its meeting on 1 March 2023 the Council reviewed and agreed the Risk Assessment document (Minute 8.3 refers). The Risk Assessment document is comprehensive and details the subject and risks identified, the level of risk (high, medium or low) and the internal controls and actions in place to mitigate the risks. The Assessment is constructed under the specific headings of Financial and Management, Third Parties/Individuals, Employer Liability, Physical Equipment/Areas and Emergencies. A copy has been published on the Council's website.

5.2 As part of its Internal Control arrangements, the Council demonstrates good practice by appointing a Councillor to review the system of internal control and to complete a number of specified tests. The review of the system of Internal Controls was completed and certified by the Councillor on 24 February 2023. The Council noted at its meeting on 1 March 2023 that the nominated Councillor had completed the Councillor Internal Review (Minute 8.3 refers). The Councillor's Report on the system of Internal Control, together with this End of Year Internal Audit Report, can assist and inform the Councillors in their completion of Section 1 of the AGAR 2022/23.

5.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

5.4 There is a standing Agenda item for Play Area Reports at Council meetings to enable Councillors to raise any issues and monitor any action taken. Similarly, the Caretaker's Report includes play area issues needed to be brought to Councillors' attention. The Council noted at the meeting on 7 September 2022 that there were a number of items picked up in the annual inspection report which needed remedial action. The report had been shared with the Caretaker in order that remedial works would be undertaken.

5.5 Insurance was in place for the year of account. The payment £1,020.58 renewal premium to Gallagher Insurance Brokers was made on 15 September 2022. The insurance cover is provided by Ecclesiastical Insurance Group and runs from 11 June 2022 to 10 June 2023. Employer's Liability cover and Public Liability cover each stand at £10m.

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

Precept 2022/23: £34,758.00

Precept 2023/24: £34,758.00

6.1 The Budget and Precept for 2022/23 was agreed in Full Council at the meeting on 3 November 2021 and the precept decision and amount has been clearly Minuted (Minute 7.3 refers).

6.2 Similarly, the Budget and Precept for 2023/24 was agreed in Full Council and the precept decision and amount has been clearly Minuted (Council's meeting on 2 November 2022, Minute 9.3 refers).

6.3 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.

6.4 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. The estimates for 2022/23 were used effectively for financial control and budgetary control purposes.

6.5 As at 31 March 2023, the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense. Overall Reserves at the year-end stood at £18,919.22. There were no sums earmarked for specific projects.

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

7.1 The Receipts recorded in the Cashbook in the year were the Precept (£34,758), Neighbourhood Plan (£8,578), Burial Fees (£943.98), Bank Interest (£20.93) and Miscellaneous Receipts (£49.50).

7.2 The Receipts recorded in the Cashbook were examined on a sample basis and were found to be in order.

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

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

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

9.1 The Council is registered with HMRC, detailed payslips are produced and PAYE is in operation. The Council has been in protracted correspondence with HMRC regarding some outstanding amounts considered by HMRC to be discrepancies in the Council's account with HMRC. The Clerk/RFO is keeping the Council advised on this matter, which was reported as being on-going at the end of the financial year 2022/23.

9.2 A Contract of Employment for the Clerk/RFO is in place and was reviewed, updated and agreed by the Council at its meeting on 1 March 2023 (Minute 8.3 refers). The updated Contract confirms that the salary is based on 905 working hours per annum (17.4 hours per week over a 52-week period) at Scale Point 23 (the maximum point in the NJC range LC2) under NJC Conditions of Service.

9.3 The P60 End of Year Certificates for the year 2022/23 for Mrs Gay and Mr Wilson were presented to the Internal Auditor.

9.4 With regard to the legislation relating to workplace pensions, the Clerk/RFO reported to the Council on 11 May 2022 that the required re-declaration of compliance under the Pensions Act 2008 had been submitted to the Pensions Regulator (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 The Asset Register was reviewed, updated and agreed by the Council at the meetings held on 6 April 2022 and 1 March 2023. As at 31 March 2023, the Register displayed a total valuation of £137,715, an increase of £450 over the valuation of £137,265 recorded at the end of the previous year, 31 March 2022 and reflects the purchase of a Gate and a Bench in the year of account. The assets are valued at cost and the Register displays the date of purchase (where known) and the location of the asset.

10.2 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.

11. 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*).

11.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were examined by the Internal Auditor. The Receipts and Payments Summary for the year 2022/23 was found to be in order.

12. 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).

12.1. The Clerk/RFO provides financial reports to Council meetings, including a bank reconciliation, income and expenditure account details and a budget report. Councillors are provided with satisfactory financial information to enable them to make informed decisions.

12.2 As reported at item 5.2 above, a Councillor review of the systems of Internal Financial Controls was completed and certified by the Councillor on 24 February 2023.

12.3 Payments are listed in the Council's Minutes as part of the overall financial control framework.

12.4 At its meeting on 5 February 2020 the Council resolved to use internet banking and to make payments electronically. The Clerk/RFO reported to the meeting on the use of electronic payments using 'faster payments' within the Community (Current) Account and the Council agreed to proceed on the following basis:

- a) The Clerk/RFO would be the system administrator, initiating the payments and acting as the first signatory for the payment, which would be authorised by one of two Councillor Signatories.
- b) The Council would need to appoint two Councillors (who are not signatories) to verify the schedule of payments made from the internet banking account against invoices/vouchers held in support of the payment.
- c) Hard copies of the bank statements need to be seen by the Chairman monthly and made available for inspection at the Parish Council meeting.

12.5 Payments were made on-line during 2022/23. A sample of internet payments was examined and found to be satisfactory; the electronic payment confirmation document was found to be attached to the invoice/voucher being paid. Nominated Councillors have been specifically authorised to approve transactions generated by the Clerk/RFO. The procedure for electronic payments is documented in the Council's Financial Regulations.

12.6 The Internal Audit Report for the previous year, 2021/22 was dated 20 April 2022 and was received and agreed by the Council at its meeting on 11 May 2022.

12.7 The Internal Auditor for the year 2022/23 was confirmed by the Council at its meeting on 1 March 2023 (Minute 9.5 refers).

13. Publication Requirements.

13.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website:

Notice of the period for the exercise of Public Rights

AGAR - Sections 1 and 2.

13.2 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require the Council to publish a formal 'Notice of Public Rights and Publication of Annual Governance and Accountability Return' on the website. A notice had been published on the Council's website and displayed the inspection dates. The appropriate form to be used for the 2022/23 year of account can be obtained from the PKF Littlejohn webpage:

<https://www.pkf-l.com/services/limited-assurance-regime/useful-information>

under the link: [Public rights Notice for smaller authorities subject to a review](#)

13.3 Following the completion of the External Audit:

Notice of Conclusion of Audit

AGAR - Section 3

AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

13.4 The Internal Auditor was able to confirm that the above documents for the year 2021/22 were readily accessible on the Council's webpage:

<http://barningham.onesuffolk.net/parish-council/transparency-code/>

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

14.1 The External Audit review of the Council for the 2021/22 year of account was undertaken by PKF Littlejohn LLP. The Notice of Conclusion of Audit and the External Audit Report and Certificate were received and noted by the Council at its meeting on 7 September 2022. A copy of the External Audit Report has been published on the Council's website.

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

21 April 2023