

Report to Somersham Parish Council

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

1. Introduction and Summary.

1.1 The Internal Audit for the year 2023/24 confirmed that the Council maintains efficient governance arrangements including a robust and effective framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.

1.2 By examination of the 2023/24 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's 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. The Council's documentation and information were very well presented by the Clerk/RFO for the internal audit.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £19,786.94
Total Payments in the year: £24,133.55
Total Reserves at year-end: £84,877.77

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 2023/24 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £89,225</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £18,442</i>
<i>Total Other Receipts:</i>	<i>Box 3: £1,345</i>
<i>Staff Costs:</i>	<i>Box 4: £4,182</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £19,952</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £84,878</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £84,878</i>
<i>Total fixed assets:</i>	<i>Box 9: £14,664</i>
<i>Total borrowings:</i>	<i>Box 10: £0</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 2023/24 within the AGAR.

1.6 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 took place on 10 May 2023. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 The Council has a Responsible Financial Officer (RFO) in place, Mrs Jennie Blackburn having been formally appointed at the meeting held on 3 November 2021 as the Council's Clerk/RFO (Minute SPC6/031121 refers).

2.3 Standing Orders are in place and were considered and approved by the Council at its meeting on 20 March 2024 (Minute SPC213/23/24b refers) and are in accordance with the latest guidance issued by the National Association of Local Councils (NALC).

2.4 Financial Regulations are also in place having been reviewed and approved by the Council at the meeting on 1 March 2023. The Council noted at its meeting on 20 March 2024 that NALC is shortly to issue revised, up-dated model Financial Regulations and these would be brought to Council at a future meeting for consideration and approval.

2.5 The Council resolved to adopt the General Power of Competence (GPOC) at its meeting on 10 May 2023. Having declared that it was an eligible Council to use the GPOC, having at least two-thirds elected Councillors and a suitably qualified Clerk, the adoption of the Power was agreed (Minute SPC040/23/24 refers). The GPOC continues until the full Council election in May 2027.

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

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 (Registration ZA226040, expiring 11 January 2025). The Council's compliance with the General Data Protection Regulations (GDPR) is supported by a Data Protection and Information Security Policy (published on the Council's website) adopted in March 2022.

2.8 To support the Council's compliance with the Freedom of Information legislation, at its meeting on 1 November 2023 the Council considered and adopted a Publication Scheme (previously adopted on 1 March 2017) which details the information being made available to the public.

2.9 A number of other Policies and Procedures have been adopted by the Council including an Equal Opportunities Policy and a Complaints Procedure (both previously adopted on 8 November 2017) were reviewed and approved by the Council at its meeting on 1 November 2023. Both Policies are published on the Council's website.

2.10 At the meeting on 4 May 2022 the Council adopted the Local Government Association (LGA) Model Councillor Code of Conduct, which details the requirements

and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.11 The Council demonstrates good practice by publishing a Website Accessibility Statement in accordance with the website accessibility regulations. The Statement details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible and contact details to report accessibility problems.

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

3.1 The Cashbook Spreadsheet is well referenced and provides an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of transactions was closely examined and all was found to be in good order.

3.2 Re-claims for VAT paid are being submitted to HMRC. A re-claim to HMRC for £196.67 VAT paid during 2022/23 was received at bank on 17 May 2023. Similarly, a re-claim for the £257.39 VAT paid during the period 1 April 2023 and 31 March 2024 was submitted on-line to HMRC on 3 April 2024.

3.3 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2024 has been prepared by the Clerk/RFO. The Report displays the balance of £73,925.65 brought forward from previous years, £nil CIL Receipts in the year and spending of £11,247.20 on projects in the year, as follows:

Contribution to School for Outside Learning Area:	£3,500.00
Contribution to Play Equipment Project:	£7,747.20

A balance of £62,678.45 is accordingly recorded as retained at the end of the year as a Restricted Reserve.

3.4 A Statement of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) has been prepared by the Clerk/RFO for publication on the Council's website.

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

4.1 The Clerk/RFO presents the Council's current financial position to meetings of the Council including the balance on the accounts and a bank reconciliation.

4.2 As at 31 March 2024 the Barclays Bank statements for the Business Current Account (£14,349.75), the Business Premium Savings Account (£6,882.35) the Business Premium (CIL) Savings Account (£63,645.67) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation.

4.3 The Business Premium (CIL) Savings Account standing at £63,645.67 includes interest accrued (which is not required to be reported within the Annual CIL Report to the District Council).

5. Year End procedures (Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate).

5.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

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

6.1 The Council's Internal Control and Risk Management arrangements were reviewed and approved by the Council at its meeting on 20 March 2024 (Minute SPC213/23/24a refers). The Financial Risk Assessment and Statement of Internal Control document for the year ending 31 March 2024 provides detailed analysis of the financial and other risks faced by the Council (designated H, M or L) and the control measures in place to mitigate the risks identified.

6.2 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015 which requires 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.

6.3 Insurance was in place for the year of account. The insurance premium payment of £431.22 to CAS Business Services was approved on 4 October 2023. The cover is provided by Ansvar Insurance and runs from 1 October 2023 to 30 September 2024. Both the Employer's Liability cover and the Public Liability cover stand at £10m. The Fidelity Guarantee cover of £100,000 meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

6.4 The Clerk/RFO confirmed to the Internal Auditor that the insurance policy currently in place has been checked against the Asset Register and adequately covers all relevant Assets.

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

Precept 2023/24: £18,442 (Not displayed in the Council's Minutes)

Precept 2024/25: £18,442 (Minute SPC157/23/24e refers).

7.1 A Draft Budget for 2023/24 was considered by the Council at its meeting on 7 December 2022. The Council resolved that the Budget be revised to reflect the larger amount for donations in 2023/24 and the updated draft would be emailed to

Councillors for approval. The Minutes of the Council's meeting on 5 January 2021 state that the Final Budget was approved and that the Council agreed the Precept for 2023/24 (Minute SPC/160/22/23 refers). However, the amount of the Precept for 2023/24 was not Minuted.

7.2 Draft Budgets for 2024/25 were considered and approved by the Council at its meetings on 1 November 2023 and 6 December 2023. The Final Budget was agreed by the Council at its meeting on 3 January 2024 and a Precept of £18,442 was approved. The precept decision and amount have been clearly Minuted.

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

7.4 Budget Monitoring Reports are presented by the Clerk/RFO to meetings of the Council in order to meet the Council's budgetary control responsibilities.

7.5 As at the 31 March 2024 the Overall Reserves totalled £84,877.77, of which £69,955.95 are Restricted/Earmarked Reserves as follows:

CIL Funds Restricted Reserve:	£62,678.45
Elections Reserve:	£357.50
Community Grants/Donations Reserve:	£6,920.00

7.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2024 accordingly total £14,921.82 and are in line with the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.33 refers).

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

8.1 Receipts recorded in the Cashbook Spreadsheet consisted of Precept (£18,442), VAT reclaim (£196.67), Bank Interest (£899.70), Grants (£200) and Miscellaneous Income (£48.57).

8.2 The Receipts were cross referenced on a sample basis with the Council's Bank Statements and were found to be in good order.

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

9.1 A Petty Cash system is not in use. An expenses system is in place, with on-line payments being made for expenses incurred.

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

10.1 The Council's Payroll Services are being operated by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. PAYE is in operation and detailed pay slips are being produced. The P60 End of Year Certificate 2023/24 was presented to the Internal Auditor.

10.2 A Contract of Employment dated 3 November 2021 is in place between the Council and the Clerk/RFO and confirms that the employment commenced on 3 November 2021 with a starting salary at SCP 22 for (normally) 21 hours per month. A monthly Office Allowance is payable to the Clerk/RFO in accordance with the amount recommended by the SALC. These terms and conditions remained in place as at 31 March 2024.

10.3 At the meeting on 7 February 2024 the Council noted the national pay award 2022/23 for local government officers and agreed that this would apply to the salary of the Clerk/RFO and would be backdated to 1 April 2023.

10.4 The Council completed a re-declaration of compliance to the Pensions Regulator on 13 February 2024 in accordance with the requirements of the Pensions Act 2008. (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).

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

11.1 An Asset Register is in place and was reviewed and approved by the Council on 4 May 2022. The total value of £14,664 as at 31 March 2024 remained unchanged from the value at the end of the previous year, 31 March 2023.

11.2 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The assets are recorded at purchase cost (where known) or a proxy value or nominal value in appropriate cases. The value has been correctly entered into Box 9 of Section 2 of the AGAR.

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*).

2.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions. The Council receives details of the financial position of the Council, including the balance of the accounts, bank reconciliations, payments for authorisation and receipts since the last meeting.

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

12.3 The Clerk/RFO confirmed to the Internal Auditor the procedure in place where payments are made through electronic means/internet banking. The Clerk/RFO is the Service Administrator who initiates payments and is one of the two signatories that Barclays Bank require. Nominated Councillors act as the second authoriser. No cheques were prepared in the year of account.

12.4 The Internal Audit Report for the previous year, 2022/23, was received and noted by the Council at its meeting on 10 May 2023. The Report had put forward the following recommendations:

R1: The Council's Policies and Procedures should be reviewed and updated as soon as practicably possible to ensure they are still fit for purpose and display up-to-date contact details.

Update as at 17 April 2024: The Equal Opportunities Policy and a Complaints Procedure (both previously adopted on 8 November 2017) were reviewed and approved by the Council at its meeting on 1 November 2023. The Freedom of Information Publication Policy was similarly reviewed and approved on 1 November 2023.

R2: In the interests of overall transparency and for disclosure to local residents and local council taxpayers, the amount of the Precept determined by the Council each year should be clearly recorded in the Council's Minutes.

Update as at 17 April 2024: This has been addressed. At the meeting on 3 January 2024 the Council formally approved a Precept of £18,442 for 2024/25 and the Precept decision and amount were clearly Minuted (SPC157/23/24e refers).

R3: In respect of documentation for the year 2022/23 the Council should ensure that all documents required to be published by the Accounts and Audit Regulations 2015 are published on the Council's website.

Update as at 17 April 2024: This has been addressed by the Council; the documents required to be published for the 2022/23 year of account were easily accessible on the Council's website.

12.5 The Internal Auditor for the 2023/24 year was appointed by the Council at the meeting held on 6 March 2024 (Minute SPC196/23/24d refers).

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

13.1 The External Audit Report and Certificate for the year 2022/23 was completed by PKF Littlejohn LLP on 24 July 2023. The Report was received and noted by the Council at its meeting on 6 September 2023 (Minute SPC89/23/24g refers). The External Auditors raised no matters of concern.

13.2 The Council can apply for exemption from an External Audit examination (a Limited Assurance Review) for the year 2023/24 because the higher of gross income or gross expenditure did not exceed £25,000 in the year of account.

14. Publication Requirements.

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website by 1 July:

*Notice of the period for the exercise of Public Rights
AGAR - Sections 1 and 2.*

14.2 The 2022/23 AGAR Sections 1 and 2 had been published on the Council's website. The 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' document for the year 2022/23 had also been published.

14.3 Following the completion of the External Audit, the items below are required to be published by 30 September each year:

*Notice of Conclusion of Audit
AGAR - Section 3
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).*

14.4 The Internal Auditor was able to confirm that the above documents were easily accessible on the Council's website:

<https://somersham.suffolk.cloud/parish-council/parish-council-finance/>

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk/RFO for her assistance during the course of the audit work.

15.2 I would particularly commend the Clerk/RFO for the careful presentation of the documents for the audit.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

17 April 2024