

Report to Bucklesham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2020

1. Introduction and Summary.

1.1 The Internal Audit for the year 2019/20 was undertaken during the period of 'lockdown' following the coronavirus pandemic; at that time travel was severely restricted, social distancing was in place and many Clerks and Councillors were having to self-isolate.

1.2 In view of this unprecedented situation, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Angie Buggs, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. 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. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in the reports in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 The Internal Audit work undertaken confirmed that during the 2019/20 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control. The Council has continued to ensure that effective and efficient financial administration is in place.

1.4 By examination of the 2019/20 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.

1.5 The Accounts for the year confirm the following:

Total Receipts for the year: £19,468.86

Total Payments in the year: £5,823.46

Total Reserves at year-end: £22,643.82

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

<i>Balances at beginning of year (1 April 2019):</i>	<i>Box 1: £8,998</i>
<i>Annual Precept 2019/20:</i>	<i>Box 2: £8,500</i>
<i>Total Other Receipts:</i>	<i>Box 3: £10,969</i>
<i>Staff Costs:</i>	<i>Box 4: £3,000</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £2,823</i>
<i>Balances carried forward (31 March 2020):</i>	<i>Box 7: £22,644</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £22,644</i>
<i>Total fixed assets:</i>	<i>Box 9: £60,331</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.7 Sections One and Two of the AGAR are due to be approved and signed/dated at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2019/20 within the AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the 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 Standing Orders are in place; they were accepted by the Council at its meeting on 5 March 2020 (Minute 25.20 refers). The Clerk advised Internal Audit that the approved Standing Orders are in accordance with the model Standing Orders published in 2018 by the National Association of Local Councils (NALC).

2.2 Financial Regulations are in place and were accepted by the Council at its meeting on 5 March 2020 (Minute 25.20 refers). The Clerk advised Internal Audit that the approved Financial Regulations are in accordance with the model Financial Regulations published in August 2019 by NALC.

2.3 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO has confirmed that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.4 Relatively small amounts of VAT are normally paid each year and there was no reclaim to HMRC during the year of account. The most recent re-claim to HMRC was for £1,431.37 in respect of VAT paid in the period 29 February 2016 to 31 December 2018. The reclaim was received at bank on 11 January 2019 and reported to the Council at its meeting on 7 March 2019 (Minute 36.19 refers).

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 (Registration

ZA346854, expiring 21 April 2021). Whilst there is no legislative requirement for a local council to appoint a Data Protection Officer (DPO), the Council demonstrated good practice by formally appointing the Clerk/RFO as the Council's DPO at the meeting held on 3 May 2018 (Minute 50.18b refers).

2.6 The Council has prepared and approved a number of formal policies and protocols, including a comprehensive Data Governance Policy, a Privacy Policy and a Personal Data Assessment Matrix, to assist compliance with the General Data Protection Regulations (GDPR). The Council may wish to consider publishing the documents on the Council's website to further inform residents of the data protection and privacy policies the Council has in place.

2.7 The Council also demonstrates good practice by adopting and reviewing a range of other formal policies and procedures. At its meeting on 5 March 2020 the Council confirmed its acceptance of the Freedom of Information Policy, Grant Policy, Complaints Procedure and the Information available under the Model Publication Scheme (Minute 25.20 refers).

2.8 The Council re-adopted the Suffolk Local Code of Conduct at its meeting on 5 March 2020 (Minute 25.20 refers). The Council demonstrates good practice in this respect by periodically re-adopting the Code of Conduct, which details the requirements and responsibilities placed upon each individual Council Member.

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 very well referenced and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. In view of the Internal Audit for 2019/20 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2019/20 transactions can be undertaken at the next scheduled audit. The Clerk/RFO has confirmed to Internal Audit that all payments made in 2019/20 were supported by invoices/vouchers.

3.2 Payments made under the Local Government Act 1972 Section 137 in the year of account are separately identified.

3.3 VAT payments are tracked and identified within the Expenditure Analysis (to facilitate re-claims to HMRC).

3.4 At the Council's meeting on 7 November 2019 the Clerk/RFO reported that £8,501.10 had been received in respect of Community Infrastructure Levy (CIL) receipts; the Council agreed to spend some of the CIL receipts on a VAS sign (Minutes 95.19 and 97.19 refer).

3.5 The Clerk/RFO has constructed a CIL Annual Report for the year ended 31 March 2020 (which has been published on the Council's website). The Report shows total receipts in the period 1 April 2019 to 31 March 2020 as £9,794.79 with no spending in the 2019/20 year.

3.6 A Statement of Variances (explaining significant differences in receipts and payments between the years 2018/19 and 2019/20) 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 The Council's Risk Assessment documentation and Internal Audit procedures were considered and accepted by the Council at its meeting on 5 March 2020 (Minute 25.20 refers). The content of the Risk Assessment is wide-ranging and details the risks identified and the actions in place to manage and control the risks

4.2 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk, and the Minutes of the Council must formally record that the review has taken place.

4.3. The Clerk/RFO has advised Internal Audit that an independent RoSPA Playground Inspection was undertaken by Ipswich Borough Council on 25 November 2019.

4.4 Insurance was in place for the year of audit; the insurance premium of £444.37 for the forthcoming year was agreed by the Council at its meeting on 5 September 2019 (Minute 85.19 refers). Employer's Liability cover and Public Liability cover each stand at £10m. The Employee/Councillor Dishonesty cover stands at £150,000 and 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.

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

5.1 Bucklesham Parish Council is designated as a 'Smaller Council'. The Council's website is: <http://buckleshamparish.onesuffolk.net/>

5.2 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
Published – Yes, included within Minutes published on the website

- b) Annual Governance Statement, AGAR Annual Return, Section One:
Published (2018/19) – Yes
- c) End of year accounts, AGAR Annual Return, Section Two:
Published (2018/19) – Yes
- d) Annual Internal Audit report within AGAR Annual Return:
Published (2018/19) – Yes
- e) List of councillor or member responsibilities:
Published – Yes
- f) Details of public land and building assets:
Published – Yes
- g) Minutes, agendas and meeting papers of formal meetings
Published – Yes

5.3 The Council is meeting the requirements of the Transparency Code.

5.4 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 a notice was published on the Council's website and displayed the inspection dates. However, the notice was not the official form specifically designed for publication which the Clerk/RFO has confirmed will be used in future to display 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.

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

Precept 2019/20: £8,500 (3 January 2019, Minute 10.19).

Precept 2020/21: £9,100 (2 January 2020, Minute 09.20).

6.1 The precepts were agreed in full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures the Council is aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

6.2 Good budgetary procedures are 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 Budget for the year 2020/21 was discussed and agreed by the Council at its meeting on 2 January 2020 (Minute 09.20 refers). The estimates can be used effectively for financial control and budgetary control purposes during 2020/21.

6.3 As at the 31 March 2020 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may

occur. The total Reserves available to the Council at the year-end amounted to £22,643.82. The Clerk/RFO has advised Internal Audit that this includes the end-of-year balance of Community Infrastructure Levy (CIL) £9,794.79.

The following amounts have been earmarked for specific projects:

Picnic Benches:	£2,000
Table Tennis tables:	£10,000
Road Cameras:	£5,000
Street Signs:	£2,000

6.4 The remaining (General) Reserve of £3,643.82 held at 31 March 2020 is in line with the generally accepted position that non-earmarked revenue reserves should usually be between six and twelve months of gross expenditure or at least 50% of the precept.

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

7.1 Receipts in the year consisted of Precept (£8,500), CIL receipts (£9,794.79), Football receipts (£1,165) and Bank Interest (£9.07).

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

8.1 No Petty Cash is held; an expenses system is in place with cheques made out for expenses incurred.

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

9.1 Payroll Services are being operated in-house; the Council operated Real Time Information during the year in accordance with HMRC regulations. PAYE payments have been made to HMRC in the year. A copy of the P60 End of Year Certificate for the Clerk/RFO was presented to Internal Audit.

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 Register was agreed by the Council at its meeting on 5 March 2020 (Minute 25.20 refers).

10.2 The Clerk/RFO has confirmed that the value of assets as at 31 March 2020 stands at £60,331 and that this value will be recorded in Box 9 of the AGAR 2019/20.

10.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are displayed at original purchase cost or, where the original purchase price is unknown, a proxy cost which will remain unchanged until disposal.

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

11.1 The bank statements as at 31 March 2020 for the HSBC Community (Current) Account and the HSBC Community Savings Account reconciled with the End-of-Year accounts and the overall Bank Reconciliation for all accounts.

11.2 The Accounts reveal that there are two out-of-date cheques, 100199 for £88.20 and 100231 for £56.89, which were unrepresented as at 31 March 2019 and remained unrepresented as at 31 March 2020. The Clerk/RFO has confirmed that those two cheques will be written back into the accounts during the year 2020/21 as a deduction from the payments listed in the Cashbook.

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 found to be in good 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, including a list of payments to be authorised, receipts and bank account balances. Councillors are provided with information to enable them to make informed decisions.

13.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework. In addition, the Clerk/RFO confirmed that:

- (a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment
- (b) invoices/vouchers for payment are seen (but not always signed or initialled) by the Cheque Signatories in confirmation of the payment being correctly made
- (c) Cheque Book counterfoils are initialled by Cheque Signatories in accordance with the requirements of the Council's Financial Regulations (Item 6, Instructions for the Making of Payments).

These areas were not examined due to the Internal Audit being conducted remotely/electronically but can be test-checked at the next scheduled audit.

With regard to item (b) above, the initialling or signing of each invoice/voucher by cheque signatories is an important element of financial control. The process assists in avoiding any discrepancies between cheque payments and the relating invoices/vouchers and should be performed for each payment.

13.3 The Internal Audit report for the previous year (2018/19) was considered and accepted by the Council at its meeting on 4 July 2019 (Minute 69.19 refers). No matters of concern had been raised in the Report.

13.4 The Council formally appointed the Internal Auditor for the 2019/20 year at its meeting on 5 March 2020 (Minute 25.20 refers).

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

14.1 An External Audit was not required in the year 2018/19. At its meeting on 10 May 2019 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year.

14.2 For the year 2019/20 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.

15. Additional Comments.

15.1 The Annual Parish Council meeting was held on 10 May 2019, within the required timescale. The first item of business was the Election of Chairman, in accordance with the requirements of the Local Government Act 1972.

15.2 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

10 May 2020