

Internal Audit Report for Red Lodge Parish Council

for the year ending 31st March 2021

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| Clerk | Shazia Shujah |
| RFO (if different) | |
| Chairperson | Stephen Smith |
| Precept | £158,950 |
| Income | £206,840 |
| Expenditure | £231,862 |
| General reserves | £51,814 |
| Earmarked reserves | £238,070 |
| Audit type | Annual |
| Auditor name | Vicky Waples |

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:

- carry out 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 2020/21 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 carried out as planned

| Section 1 – proper bookkeeping | | |
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| 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 the Rialtas Accounting/Booking Accounting Package which produces reports on an Income and Expenditure basis. Council continues to follow Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance. The cashbook is kept up to date and regularly, verified against bank statements. |
| <i>Is the cash book up to date and regularly verified?</i> | Yes | The cashbook remains the focus for day-to-day accounting and the RFO is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system. The cashbook is reconciled on a monthly basis. |
| <i>Is the arithmetic correct?</i> | Yes | 10% spot checks were made and were found to be correct. Journal entries between cost codes for the period under review were seen and verified. Cash books are reconciled on a monthly basis. |
| Additional comment: <i>Council follows Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance. For further transparency and scrutiny, the RFO, in accordance with best practice, has referenced all payments and receipts with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</i> | | |

| Section 2 – Financial Regulation and Standing Orders | |
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| The internal auditor will check the date the Council carried out 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> |
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| Have Standing Orders been adopted, up to date and reviewed annually? | Yes | The Council reviewed its Standing Orders at its meeting of 28 th July 2020, a copy of which can be found on the Council's website and are based on the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in 2013. |
| Are Financial Regulations up to date and reviewed annually? | Yes | Financial Regulations (FR), were reviewed by the Council on 28 th July 2020, a copy of which can be found on the Council's website and which are based on the Model Standing Orders produced by NALC in 2019. |
| Has the Council properly tailored the Financial Regulations? | Yes | The Council's current 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), Council has in place a Responsible Financial Officer who is responsible for the administration of the financial affairs of the relevant authority. |
| <p>Additional comments: Council has shown good practice by ensuring that it has in place appropriate measures governing how it operates, provisions for securing competition and regulating the manner in which tenders are invited.</p> | | |

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| <p>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.</p> | | |
| Evidence | | <i>Internal auditor commentary</i> |
| Is there supporting paperwork for payments with appropriate authorisation? | Yes | At each Full Council meeting a list of all payments awaiting approval is presented to the meeting with formal approval of such expenditure being shown in the minutes and evidence of such paperwork, including details |

¹ Section 151 Local Government Act 1972 (d)

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| | | <p>of those authorizing the release of payment. Spot checks on payments over £500 were cross checked against cashbook, payment authorization documentation, minutes and bank statements and found to be in order and correctly approved in accordance with Council's own Financial Regulations.</p> <p><i>Council is mindful of its own Financial Regulations which prescribe the manner in which the Council shall submit invitations to tender; shall obtain 3 quotations (priced descriptions of the proposed supply) and/or shall act in accordance with Regulation 10 (3). Council is mindful of the measures for the procuring of the goods or materials or executing the works. Council has also recognised that the official order issued commits a supplier to an agreed price within the framework of an agreed remit of works to be carried out.</i></p> |
| Where applicable, are internet banking transactions properly recorded and approved? | Yes | <p>Internet banking is operated in accordance with the Council's own Financial Regulations. The RFO has ensured that the Council has implemented the procedure whereby invoices due for payment are submitted at each full Council Meeting with an online payment slip in place to reduce the risks of error in the operation of online banking. Evidence is retained showing which members approved the payments.</p> |
| Is VAT correctly identified, recorded and claimed within time limits? | Yes | <p>VAT is clearly identified in the ledger book and claimed in accordance with the guidelines for local authorities and similar bodies. Council is notified once a claim has been submitted along with details of the amount received once the latest claim has been settled. The year-end position was verified as being in accordance that declared in the cashbook and was claimed after the year had been closed.</p> |
| Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ² | Yes | <p>At the meeting of 14th May 2019, full Council confirmed that having met the criteria to adopt the General Power of Competence (as set out under the General Power of Competence (Prescribed under Conditions) Order 2012) it would resolve that it be adopted. The Council reconfirmed at its meeting of 25th February 2020, that it met the criteria for eligibility to use the General Power of Competence.</p> |

² Localism Act

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| | | Council operates a community grants programme which is aimed at funding voluntary, charitable, and social enterprise organisations to deliver services, projects, initiatives, and activities that provide a benefit to the inhabitants of Red Lodge. |
| Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate? | <i>Not applicable</i> | The Council is able to use the General Power of Competence to incur expenditure that in its opinion is in the interests of and will bring benefit to its area and any of it or all of some of its inhabitants. |
| Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements? | <i>Not applicable</i> | The council has no Public Works Board Loan. |
| <p>Additional comments: <i>Council has recognised the recommendation from NALC in relation to dual authorization for internet payments and ensured that there are controls on expenditure as an integrated part of its overall financial control system and evidence retained showing which authorised members approved the release of the payment. Council is also mindful of its own FRs which states that provided that the requirements of regulation for Budgetary Controls are adhered to, a list of payments pre-authorized shall be submitted to the next appropriate meeting of council.</i></p> | | |

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| <p>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.</p> | | |
| Evidence | | Internal auditor commentary |
| <i>Is there evidence of risk assessment documentation?</i> | Yes | The risk assessment documentation submitted for Internal Audit 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 document entitled Review of Governance and Internal Control Measures 2020/21 for the year under review was adopted by full Council at its meeting of 22 nd April 2021 with the Financial Risk Assessment presented to and adopted by Full Council at its meeting of 18 th March 2021. |

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 £8.12 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

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| <p><i>Is there evidence that risks are being identified and managed?</i></p> | <p>Yes</p> | <p>Council is aware that its risk assessment needs to focus on the safety of the parish council's assets and in particular its money. Whilst there is evidence that overall the parish council has taken actions to identify and assess those 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, it is advised that such a review should be expanded to document the specific control procedures for payments made by direct bank transfer.</p> <p>Council's minutes of 26th May 2020, record that the Parish Council is Payment Card Industry Data Security Standard compliant.</p> |
| <p><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></p> | <p>Yes</p> | <p>In accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance.</p> <p>The Council's Insurance document showing cover under a Parish Protect Policy with Royal & Sun Alliance was seen. The following were verified: Core Cover Public / Products liability cover £10million; Employer's liability cover £10million; Legal Expenses £100thousand/£100million; Business Interruption £20thousand; Legal Defence £250thousand. Fidelity Guarantee cover is £750thousand. Property insurance is in place for one premises as identified on the schedule.</p> <p>Fidelity Guarantee cover at £750thousand is in accordance with guidance, which provides that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May. Council should ensure that balances and cash flow are monitored to ensure that cover is appropriate as balances increase.</p> <p>At the meeting of 29th September 2020, full Council approved the renewal of the insurance policy with Zurich following the annual review.</p> <p><i>Comment: Council has noted that it is the responsibility of the whole Council to satisfy itself that insurances are adequate and that having identified, assessed and recorded the risks, appropriate measures, such as the</i></p> |

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| | | <i>appropriate use of insurance cover, have been taken to mitigate and manage the risk.</i> |
| <i>Evidence that internal controls are documented and regularly reviewed⁴</i> | Yes | In accordance with the Accounts and Audit Regulations 2015, Council has formally reviewed the effectiveness of its system of internal control to ensure that it has mitigation measures on place to address the risks associated with the management of public finances. Council has adopted an Internal Control Statement, which was formally presented to and reviewed by full Council at its meeting of 23 rd February 2021. At the same meeting, Council having understood the requirement to have in place safe and efficient arrangements to safeguard public money, were notified that the Internal Control Review had been carried out by the appointed Councillor. The Councillor had been tasked with the review and examination of the control checks identified by the Council as being part of the measures undertaken to safeguard public finances and ensure the management of Council's finances and assets are in accordance with Proper Practices. |
| <i>Evidence that a review of the effectiveness of internal audit has been carried out during the year⁵</i> | Yes | Council reviewed the effectiveness of internal audit within the Internal Control Statement as adopted by the Council at its meeting of 23 rd February 2021. <i>Comment: by reviewing the terms of reference and effectiveness for internal audit the council has followed guidance and demonstrated that it recognised that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.</i> |
| Additional comments: | | |

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| 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 |

⁴ Accounts and Audit Regulations

⁵ Governance and Accountability Guide

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| <p><i>Verify that budget has been properly prepared and agreed</i></p> | <p>Yes</p> | <p>Council at its meeting of 11th December 2019, approved the budget for 2020/21 in the sum of £174,050.</p> <p><i>Council is aware that the preparation of an annual budget is one of the key statutory tasks to be undertaken by an authority and for clarity and transparency should ensure that the level of budget is clearly evidenced in the Council's minutes.</i></p> |
| <p><i>Verify that the precept amount has been agreed in full Council and clearly minuted</i></p> | <p>Yes</p> | <p>The precept in the sum of £158,950 was set at the same meeting with the records showing that this represented a 12.88% increase over that set for 2019/20.</p> |
| <p><i>Regular reporting of expenditure and variances from budget</i></p> | <p>Yes</p> | <p>In accordance with Council's own standing orders and terms of reference, a quarterly statement summarizing the Council's receipts and payments and aggregate receipts and payments for the year to date with balances held is submitted and considered by full Council. These reports provide evidence of comparisons between budgeted and actual income and expenditure and form the basis of approval for virements in accordance with Council's own Financial Regulations. All virements are ratified at full Council meetings with evidence retained as to the movement between Council's Reserves. Reports detailing Council's receipts and payments and aggregate receipts and payments for the year to date with balances held are also discussed by full Council.</p> |
| <p><i>Reserves held – general and earmarked⁶</i></p> | <p>Yes</p> | <p>The Council, as at 31st March 2021, had overall reserves totalling £289,8847 with agreed Earmarked Reserves of £238,070 and General Reserves at £51,814.</p> <p><i>Council should be aware of the guidance as issued by Proper Practices which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i></p> |

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

Additional comments:

Budget: Council has shown good practice by following the recommended key stages as to the budgetary process to be followed for the year, which covers the following:

- *decide the form and level of detail of the budget;*
- *review the current year budget and spending;*
- *determine the cost of spending plans;*
- *assess levels of income;*
- *bring together spending and income plans;*
- *provide for contingencies and consider the need for reserves;*
- *approve the budget;*
- *confirm the precept or rates and special levies; and*
- *review progress against the budget regularly throughout the year.*

Reserves: Council should note guidance as issued under the Practitioners Guide which states that an authority needs to have regards to the need to put in place a General Reserve Policy with explanations as to the high level of general reserves being held and to have evidenced that it has reviewed the level and purpose of all Earmarked Reserves.

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 |
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| <i>Is income properly recorded and promptly banked?</i> | Yes | <p>Income is recorded in accordance with Council’s Financial Regulations. A number of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. Council’s accounting records contain all day-to-day entries of all sums of money received.</p> <p>Overall, the income received during the year was reviewed with grants being verified against offer letters submitted to the receipt of same within the councils financial records.</p> |

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| | | <p>Spot checks on further items paid during the year under BACS / Direct Credit into the Council's Accounts were cross checked against cashbook, bank statements and invoices raised by the Parish Council. All were found to be in order with a clear underlying audit trail. Income is recorded in accordance with Financial Regulations and reported within the Income and Expenditure Reports received by full Council.</p> <p>During the annual review of Council fees and charges for the Red Lodge Sports Facilities, it was agreed that due to the impact of COVID-19, fees would remain unchanged with a review later in the year (30th March 2021).</p> |
| <i>Is income reported to full council?</i> | Yes | Income received is reported within the financial reports submitted to full Council. The RFO ensures that monies received are promptly banked. |
| <i>Does the precept recorded agree to the Council Tax Authority's notification?</i> | Yes | The council received precept of £158,950 during the year under review in April 2020. Evidence was provided showing a full audit trail from Precept being discussed and approved at the meeting of 11 th December 2019, served on the Charging Authority to 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 | There were no such receipts received for the year under review. |
| Additional comments: | | |

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| <p>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.</p> | | |
| Evidence | | Internal auditor commentary |
| <i>Is petty cash in operation?</i> | Yes | All petty cash reconciliations are carried out on a regular basis and are entered into the petty cash book. |

⁷ Community Infrastructure Levy Regulations 2010

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| <i>If appropriate, is there an adequate control system in place?</i> | Yes | The float maintained is adequate to meet small items of expenditure and is reimbursed on an appropriate frequency. Adequate records of receipts and payments are maintained. |
| Additional comments: <i>Council has ensured that in accordance with Proper Practices the number of petty cash floats are kept to a minimum and not used where an official order is more appropriate. Council should continue to ensure that payments to maintain cash floats are shown separately on the schedule of payments presented to Council for authorisation.</i> | | |

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| Section 8 – Payroll controls | | |
| The Internal Auditor will check salaries are approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. If the Clerk was recruited after 1 st April 2011, evidence will be required to show compliance with the new requirements for the statement of employment, Induction, probation periods and training requirements. 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 5 employees on its payroll at the period end of 31 st March 2021. All staff have employment contracts which include provisions for annual reviews. At the meeting of 30 th March 2021, Council was advised that the staff contracts had been reviewed. All salary payments are authorised by full council. |
| <i>Has the Council approved salary paid?</i> | Yes | |
| <i>Minimum wage paid?</i> | Yes | Council is aware that the National Living Wage must be applied as the statutory minimum wage for workers aged 23 or over. The minimum wage is paid to three employees. |
| <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> | Yes | The payroll function for the latter part of the year under review is carried out by Suffolk Association of Local Councils and is operated in accordance with HM Revenue and Customs guidelines. Cross-checks were completed on three payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the |

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| | | year under review were made in accordance with timescales as set out in the regulations. |
| <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 with 1 member of staff being members of the Suffolk County Council Local Government Pensions Scheme and 2 members of the NEST Scheme. At the meeting of 26 th May 2020, Council was informed of the date for the re-declaration of compliance with The Pensions Regulations was 14 th April 2020. |
| <i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i> | Yes | Council is aware of the changes in the Practitioners Guide for 2020 on the treatment of what can be included as employment expenses within the Annual Governance and Accountability Guide 2020 - section 2.16 refers and submitted within Box 4 of the AGAR. All expenses / payments made are against itemised invoices are approved accordance with Council's own Financial Regulations. |
| <i>If appropriate, are sums claimed under the Job Retention Scheme in accordance with the guidelines</i> | Yes | Between April and May 2020, Council submitted a claim for access to funds from the Coronavirus Job Retention Scheme (CJRS) to cover 4 members of the staff that had been furloughed due to the closure of the Pavilion and associated rented areas. As these posts are not funded by the precept, furloughing and a claim under the CJRS was considered to be appropriate. At the meeting of 27 th October 2020, Council agreed that it would allocate the monies claimed from the Coronavirus Job Retention Scheme to the pavilion income. |
| <p>Additional comments: <i>There are robust payroll arrangements in place with ensures the accuracy and legitimacy of payments of salaries and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.</i></p> <p><i>Council has reworked Box 4 and Box 6 of the Accounting Statements - Section 1 - of the AGAR ensuring that only those payments that are regarded as employment expenses are included within Box 4 as per Proper Practices. Payments for mileage and other travelling and subsistence allowances, work related training and the provision of office supplies have been included within Box 6. In accordance with guidelines, Council has noted the requirements to restate the figures for theses Boxes for the year 19/20.</i></p> | | |

Section 9 – Asset control

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

| <p>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.</p> | | |
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| 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 | <p>The Asset Register was reviewed during the Internal Audit Visit for year-end and 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 (31.03.2021) was £309,529 which shows movement in the register covering new acquisitions and gifted assets. All assets have been stated at cost value (fixed at 2010) in accordance with the basis as recommended by the Chartered Institute of Public Finance and Accountability (CIPFA) and where assets have been gifted or where there is no known value have been given the proxy value of £1. The Asset Register reviewed forms the basis of Box 9 of the Annual Governance and Accountability Guide. The Asset Register was reviewed during the Internal Audit Visit and a spot check of assets against insurance valuations was undertaken and found to be in order.</p> <p><i>Comment: This current valuation for assets commonly known as community assets is in line with requirements for smaller authorities to record each asset at its original purchase cost or where the original purchase cost is unknown at the time of first recording on the asset register, a current value is recorded, which acts as a proxy value to the original cost and will remain unchanged until disposal.</i></p> <p>Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.</p> |
| <i>Are 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> | No | |
| <i>Is the asset register up to date and reviewed annually?</i> | Yes | |

⁹ Governance and Accountability for Smaller Authorities in England – March 2019

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| | | that the authority owns and covered the property, plant and equipment used by the authority to deliver its services. |
| <i>Cross checking of insurance cover</i> | Yes | Council has insurance under a Parish Protect Policy for assets to the value of £1,500,000 which is a sufficient banding for assets recently added to the register. |

Additional comments:

Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2020, on the valuation of its assets which required authorities to apply a reasonable approach to asset valuation which is consistent from year to year.

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| 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 on a regular basis and reconcile with the cash sheets. Overall there is reporting of bank balances within the financial reports submitted at full Council meetings. |
| <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 2021), the balance across the councils accounts stood at £290,208.11 as recorded in the 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 on a regular basis to full the Council. The RFO continues to ensure that the Council is aware that in accordance with proper practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows and therefore aids decision-making. |
| Additional comments: | | |
| <i>In accordance with Proper Practises, Council has implemented a system whereby a Councillor carries out a review of the Council's banking internal control by formally signing off the bank reconciliation. This is not only good practice but also is a safeguard for the RFO and fulfils one of the authority's internal control objectives.</i> | | |

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| Section 11 – year end procedures | | |
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| Evidence | | <i>Internal auditor commentary</i> |
| <i>Are appropriate accounting procedures used?</i> | Yes | Accounts are produced on an income and expenditure basis. All were found to be in order. There is an underlying financial trail from financial records to the accounts produced. |
| <i>Financial trail from records to presented accounts</i> | Yes | Debtors and creditors have been properly recorded. Council has ensured that its records detail the assets and liabilities of the authority including the asset and investment register and record of loans and other debts. Year-end balances agree with cash book and bank reconciliations: Debtors: £1,790 VAT Account: £1,483 Prepayments: £12 Bank Accounts: £290,214 Stock: £1,189 less Creditors: £4,804 Represented by: Total Reserves: £289,884 |
| <i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i> | Yes | As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete Part 3 of the AGAR. Section 1 – Annual Governance Statement and Section 2 - Accounting Statements of the AGAR were completed and signed at the time of Internal Audit. <i>Comment: Council is aware that under intermediate level review procedures the following additional information is required for the year 2020-2021:</i> <ul style="list-style-type: none"> <i>Basic level review information</i> |

¹⁰ Annual Governance & Accountability Return (AGAR)

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| | | <ul style="list-style-type: none"> Evidence that the authority is registered with HMRC (Practitioners Guide para. 5.48 to 5.54 provides guidance related to Employment Issues) If the 19/20 external auditor report included any “except” for matters, copies of the minutes and any agreed plan showing the corrective action taken to address these matters. |
| <i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i> | <i>Not applicable</i> | As the Parish Council had gross income and expenditure exceeding £25,000 it was not able to declare itself exempt from a limited assurance review. |
| <i>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?</i> | Yes | The internal auditor was able to find the arrangements for the exercise of public rights for the period under review and can confirm that the dates set for the year ending 31 st March 2020 were from Monday 15 June 2020 until Friday 24 July 2020. This date was noted by full Council in its minutes of 26 th May 2020. |
| <i>Have the publication requirements been met in accordance with the Regulations?¹¹</i> | Yes | The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 but not exceeding £6.5 million for the year ending 31 March 2020 and published the following on a public website: Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Section 3 – External Audit Report and Certificate. Notice of the period for the exercise of public rights |
| <p>Additional comments: <i>Council has followed the recommendation under best practice and as outlined in the Accounts and Audit Regulations 2015 by publishing the Annual Internal Audit Report, page 3 as well as the narrative report which accompanies it. This also avoids any potential confusion by local electors and interested parties.</i></p> | | |

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| <p>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.</p> |
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¹¹ Accounts and Audit Regulations 2015

| Evidence | | Internal auditor commentary |
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| <i>Has the previous internal audit report been considered by the Council?</i> | Yes | The Internal Audit Report was considered by full Council at its meeting of 26 th May 2020. The minutes record that the Annual Internal Audit Report was reviewed and approved. |
| <i>Has appropriate action been taken regarding the recommendations raised?</i> | Yes | There were no significant matters brought to the Council's attention which required the submission of an action plan to assess and take appropriate action. |
| <i>Has the Council confirmed the appointment of an internal auditor?</i> | Yes | The appointment of SALC as the Council's internal auditor was confirmed at the meeting of 24 th November 2011. |
| Additional comments: | | |

| Section 13 – external audit for the period under review | | |
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| The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be taken into account. | | |
| Evidence | | Internal auditor commentary |
| <i>Has the previous external audit report been considered by the Council?¹²</i> | Yes | The External Audit Report for the year 19/20 was submitted and considered by full Council at its meeting of 29 th September 2020. and 'other' matters. |
| <i>Has appropriate action been taken regarding the comments raised?</i> | Yes | There were no matters identified which gave cause for concern that relevant legislation and regulatory requirements have not been met. The notice of conclusion of audit was published in accordance with the relevant legislation. |
| Additional comments: | | |
| <i>In accordance with Regulation 20 of the Accounts and Audit Regulations 2015, Council has ensured that, following the completion of an audit, full Council and not a committee considers and receives the audit letter from the local auditor and that this shall be as soon as reasonably practicable. Evidence of this has been via a minute reference.</i> | | |

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 | | |
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| The internal auditor will look for some additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations. | | |
| Evidence | | <i>Internal auditor commentary</i> |
| <i>Was the annual meeting held in accordance with legislation?</i> ¹³ <i>(note to auditor- emergency Regulations as a result of the COVID-19 pandemic)</i> ^{f14} | Yes | Council did not hold an Annual Meeting of the Parish Council during the year under review. <i>Comment: In recognition of this being unprecedented times and following the Government’s guidelines for staying at home and working remotely, the Government included within s.78 in the Coronavirus Act 2020 (made 4th April 2020) the ability for the Secretary of State to have the power to make Regulations to cover the provisions for the holding of meetings. This also repealed for the year under review, the requirement to hold an Annual Council Meeting The 2020 Regulations set out those provisions. Council has followed these regulations and held its meetings via a Videoconferencing platform in accordance with the conditions laid out.</i> |
| <i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁵ | 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. |
| <i>Is there a list of members’ interests held?</i> | Yes | Evidence was seen on the District Council’s website of the Register of Interests for all current Parish Councillors. This is accessible by a link from the Red Lodge Parish Council website. <i>Comment: Council has noted the requirement that, whilst the monitoring officer of the District Council must arrange for the parish council’s register of members’ interests to be available for inspection in the district and must be published on the district council’s website, where the parish council has its own website, its register of members’ interests must also be published on</i> |

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

¹⁴ The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

¹⁵ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972 and the Localism Act 2011

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| | | <i>that website or a link giving direct access to the website of the District Council. (Openness and transparency on personal interests - A guide for councillors – August 2012).</i> |
| <i>Does the Council have any Trustee responsibilities and if so are these clearly identified in a Trust Document?</i> | No | The council does not have any Trustee responsibilities. |
| <i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i> | Partly met | For Councils with income over £200,00 the provisions contained in Part 2 of the Local Government Transparency Code 2015 in relation to matters that should be published, are mandatory and the Clerk is working towards ensuring compliance with these requirements. |
| <i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁶</i> | Yes | The council is correctly registered with the IO as a Data Controller in accordance with legislation. Reference: ZA322497 Expires 20 March 2022. |
| <i>Is the Council compliant with the General Data Protection Regulation requirements?</i> | Yes | <p>The Council is taking steps to ensure compliancy at all times and annually reviews General Data Publication Documents thereby ensuring that they are adhered to and fit for purpose. The meeting of 24th November 2020 confirmed that Council's Data Protection Officer is still a current appointment.</p> <p><i>Council should note the requirement to ensure that an impact assessment audit is carried out on the occasion of the adoption of a new policy which has potential GDPR implications.</i></p> <p>A range of documents were able to view on the website detailing the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.</p> |
| <i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁷</i> | Yes | The Council operated website has an accessibility statement detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. |

¹⁶ Data Protection Act 2018

¹⁷ Website Accessibility Regulations 2018

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| <i>Is there evidence that electronic files are backed up?</i> | Yes | Council has in place a system whereby an auto back-up of Council's day to day records to a cloud-based system takes place on a daily basis. |
| <i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i> | Not applicable | Council does not operate with a committee system. |
| <p>Additional comments: <i>Transparency Code 2015 - to ensure full compliance with the requirements of the Local Government Transparency Code 2015 (turnover exceeding £200,000), Council's Officers are in the process of the updating the Council's website with the following information in accordance with the required timescales:</i> <i>quarterly:</i> <i>Individual items of expenditure that exceed £500 (currently published on an annual basis);</i> <i>Government Procurement Card transactions;</i> <i>Invitations to tender for contracts over £5,000;</i> <i>Details of contracts that exceed £5,000;</i> <i>annually:</i> <i>Details of all land and building assets;</i> <i>Grants to Voluntary, Community and Social Enterprise Organisations.</i></p> | | |
| <p>The Clerk/RFO is to be commended for the manner in which the accounts were presented for year-end audit and is to be thanked for her assistance in the completion of this audit.</p> | | |

Signed: *Victoria S Waples*

Date of Internal Audit Visit: 04.05.2021 Date of Internal Audit Report: 05 May 2021

On behalf of Suffolk Association of Local Councils