

Internal Audit Report for Red Lodge Parish Council for the year ending 31st March 2022

Clerk	Shazia Shujah
RFO (if different)	
Chairperson	Richard Saul
Precept	£ 161,740
Income	£ 250,319
Expenditure	£ 250,832
General reserves	£ 76,676
Earmarked reserves	£ 212,695
Audit type	Annual
Auditor name	Victoria 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:

- conduct 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 conducted as planned

Section 1 – proper bookkeeping		
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 Package which provides full accounting details to allow the production of the Statement of Accounts. The Responsible Financial Officer (RFO) has used the full suite of accounting and reporting tools associated with the package to produce clear financial management information to the Council on both a monthly and annual basis.
<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	Spot checks were made and were found to be correct.
Additional comments: <i>The RFO continues with the best practise of ensuring, for further transparency and scrutiny, that all payments and receipts are referenced 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		
The internal auditor will check the date the Council conducted 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>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Standing Orders, as seen on the Council's website, show that members reviewed and adopted the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in

		2013. The minutes of the Full Council meeting of 25 th May 2021 resolved to adopt them with no changes.
Are Financial Regulations up to date and reviewed annually?	Yes	Financial Regulations (FR), were reviewed by the Council at the same meeting, 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 fully tailored to the Town Council.
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	Council has appointed a Responsible Financial Officer in accordance with Section 151 of the Local Government Act 1972(d) (financial administration), to be responsible for the administration of the financial affairs of the relevant authority.
<p>Additional comments: Council is aware of the requirement to ensure that the Standing Orders are fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to. Council might also wish to note that NALC have updated LTN 87 Procurement to bring it into line with the procurement position post-Brexit and also contains the current procurement threshold figures. Whilst the change is only to model standing order 18, they have stated that they will be updating model standing orders later this year.</p>		

<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, including those to be retrospectively approved, is presented to the meeting. Formal approval of such expenditure is given at each meeting, with evidence retained as to the amounts being authorised. Such paperwork, is

¹ Section 151 Local Government Act 1972 (d)

		<p>available to view on the Council operated website. The files reviewed during the internal audit visit included details 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>Comment: Council is reminded of its own FR 5.2 "The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be ruled off and initialled by the Chair of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information".</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. The VAT submissions for the periods ending 30th April 2021 (£2,192.98); 31st July 2021 (£6,629.87); 31st October 2021 (£2,958.66) and 31st January 2022 (£3,290.30) were seen and verified with a full audit trail being provided. The year-end position of £2,092.58 covering the period to 31st March 2022 was verified in the cashbook and is that which is stated as the year-end position as VAT recoverable within the Council's Balance Sheet.</p>

Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	Yes	The Internal Audit for the year ending 31 st March 2021, confirms that full Council resolved to adopt the General Power of Competence (as set out under the General Power of Competence (Prescribed under Conditions) Order 2012) at its meeting of 14 th May 2019 as it met the criteria for eligibility to use the General Power of Competence. 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. The Schedule of Grants made during the year under review was reviewed and verified. Full Council approved small grants in the sum of £1,250 within the budget allocation of £2,500 for Community Awards.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	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 such loans.
Additional comments:		

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.		
Evidence	Internal auditor commentary	
<i>Is there evidence of risk assessment documentation?</i>	Yes	The financial risk assessment documentation submitted for Internal Audit provides details of the risks associated with the functioning of a smaller

² Localism Act

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 £8.41 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

		<p>authority and the measures that the Council will undertake to mitigate such risks. The Council's Risk Assessment Documentation for the year under review, was adopted by full Council at its meeting of 25th May 2021. Council has expanded its register to include details of the use of a dual authorisation system for the settlement of its accounts via online transfers thereby ensuring that there is the requirement to have two people to authorise all payments prior to monies being released. Also included are control procedures for the handling and banking of cash thereby ensuring that there is a clear procedure along with clear lines of responsibility.</p>
<p><i>Is there evidence that risks are being identified and managed?</i></p>	Yes	<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. The financial risk assessment documentation has been expanded to document the specific control procedures for payments made by direct bank transfer, but this is limited in scope and could be expanded.</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>	Yes	<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>At the meeting of 28th September 2021, Council discussed the renewal of the Council's insurance and having reviewed the quotes received agreed to proceed with the quotation from BHIB Insurance brokers for a 3-year long-term undertaking (expiring 1st October 2024). General Insurance is confirmed as being in place with AVIVA Insurance Ltd under a Local Councils Insurance Policy for the period from 1st October 2021 to 30th September 2022 was reviewed during the Internal Auditor's visit. Core cover shows the following: Employers Liability £10,000,000. Public Liability £10,000,000; Products Liability £10,000,000 & Fidelity Guarantee Cover is £750,000. Material Damage cover is shown for 2 buildings along with contents cover, business interruption and loss of revenue. Motor Insurance for the council owned and operated vehicles is in place with Zurich Municipal.</p>

		<p>Fidelity Guarantee cover at £750,000 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.</p> <p><i>Comment: Council has ensured that by reviewing its annual insurance, it has recognised 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 appropriate use of insurance cover, have been taken to mitigate and manage the risk.</i></p>
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	<p>At the meeting of 22nd February 2022, Council formally adopted its Internal Control Statement, which provides evidence that 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. 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.</p> <p><i>Comment: Council is aware that to answer in the affirmative to the Annual Governance Statements in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, it should carry out a formal review of the effectiveness of the system of internal control and should have in place monitoring documents which would have identified the risks involved with and the potential for improvements to its arrangements to protect public money.</i></p>
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	Yes	<p>In accordance with Proper Practices, the minutes from the meeting of 22nd February 2022 confirm that Council has reviewed the effectiveness of internal audit as included within the Internal Control Statement for the year ending 31st March 2022.</p> <p><i>Comment: by reviewing the terms of reference and effectiveness for internal audit the council has followed guidance and demonstrated that it recognises</i></p>

⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

		<i>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:		

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
<i>Verify that budget has been properly prepared and agreed</i>	Yes	Full Council at its meeting of 26 th January 2021, ratified the revised budget for 2022/23 although there is no minute evidence to record the amount of budget set. Workings however show that a budget was set in the sum of £178,920.00. Evidence of the budget set was also seen on the Council's website.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept was approved at the meeting of 26 th January 2021 with Council, agreeing to a nil increase to the council's precept for 2021/22. The precept request of £161,740 was evidence in the minutes with the attached paperwork noting that this would result in an unchanged Parish Council Tax Band D of £99.67.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	In accordance with Council's own Standing Orders, a quarterly statement summarising the Council's receipts and payments for the quarter, the Council's aggregate receipts and payment for the year to date and balances held is submitted to full Council and resolved for adoption. This includes a comparison with the budget for the financial year. Virements between budgets are approved in accordance with Council's own Financial Regulations and Council is aware that a virement from reserves into the revenue budget may only be made following a resolution of the Council, or duly delegated committee.

<p><i>Reserves held – general and earmarked⁶</i></p>	<p>Yes</p>	<p>The Council, as at 31st March 2022, had overall reserves totalling £289,371.15 with agreed Earmarked Reserves of £212,694.99 and General Reserves at £76,676.16. The year-end figures (including the reserves figures for 21/22) are still to be approved by full Council. Council is 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 Net Revenue Expenditure is regarded as effectively the Precept less any Loan Repayment and/or amounts included in the Precept for Capital Projects and Earmarked Reserves.</p> <p><i>Comment: Council is advised to ensure that the level of general reserves adopted is in accordance with its General Reserve Policy and that given that its funds are generated from public levies, such funds are not excessive. 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> <p>Council has also noted guidance which states that an authority needs to have regard to the need to put in place a General Reserve Policy and have reviewed the level and purpose of all Earmarked Reserves. At the meeting of 25th May 2021, Council reviewed and adopted a Reserve Policy for Red Lodge.</p>
<p><i>Additional comments:</i></p>		

<p>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.</p>	
<p>Evidence</p>	<p>Internal auditor commentary</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

<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>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 at the meeting of 26th October 2021 that the revised hiring fees & charges for the hire of the facilities at Red Lodge Sports Pavilion be imposed immediately with the increases for the junior football grass pitch hire effective from the beginning of the next season.</p>
<i>Is income reported to full council?</i>	Yes	Income is reported in accordance with the Council's own Standing Orders and also forms part of the Quarterly Financial Report submitted to and approved by full Council.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The council received precept of £161,740.00 during the year under review in April 2021. Evidence was provided showing a full audit trail from Precept being discussed and approved at the meeting of 26 th January 2021, form being signed and 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>	Not applicable	Council is in West Suffolk which does not operate CIL.
Additional comments:		

⁷ Community Infrastructure Levy Regulations 2010

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.		
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.
<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:		

Section 8 – Payroll controls		
The Internal Auditor will check salaries were 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 201, 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 10 employees on its payroll at the period end of 31 st March 2022. All staff have employment contracts which include provisions for annual reviews or statements containing the main terms of employment.
<i>Has the Council approved salary paid?</i>	Yes	Salary payments are authorised by full council. Overtime or variations to the employees pay scales are implemented as per FRs 7.1. and 7.3.
<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 National Living Wage is paid to six 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	Cross-checks were completed on a selection of items each of salary, PAYE and pension contributions and these were all found to be in order. Salaries are paid in accordance with contracted hours worked.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function is carried out by SALC 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 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 a member of the Suffolk County Council Local Government Pensions Scheme and 2 members of NEST. The minutes of 26 th May 2020 confirm that the Clerk completed the Council's re-declaration of compliance with the Pensions Regulator on 14 th April 2020.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	There is a satisfactory expense system in place and all expense claim forms are standardised; accompanied by receipts and signed by the claimant. All expenses / payments made are approved in accordance with Council's Financial Regulations. <i>Comment: the RFO 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.</i>
<p>Additional comments: <i>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></p>		

Section 9 – Asset control
 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.

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

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	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.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	<p>Full Council is still to approve the figures as shown on the Annual Governance and Accountability Return, thereby agreeing that it covers all of the assets and long-term investments that the authority owns and covers the property, plant and equipment used by the authority to deliver its services. However, it is noted that the declared value for all assets at year-end (31.03.2022) was £345,486 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.</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>Further guidance on the first recording of assets can be found at section 5.61 through to 5.65 of the Joint Panel Accountability and Governance Practitioners' Guide to proper practices to be applied in the preparation of statutory annual accounts and governance statements - March 2022.</p>
<i>Are records of deeds, articles, land registry title number available?</i>	Not covered	Records of deeds, articles, land registry title number were not reviewed during the internal audit.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The Asset Register reviewed forms the basis of Box 9 of the Annual Governance and Accountability Guide. The 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. The minutes of the

⁹ Practitioners Guide

		Council Meeting of 29 th March 2022, demonstrate that Council has reviewed and approved the schedule.
<i>Cross checking of insurance cover</i>	Yes	All risks cover is in place on a banding scale to cover the Council's assets listed as Infrastructure within the schedule with cover non-location specific.
<p>Additional comments: <i>the RFO is mindful of the guidance within the Joint Panel on Accountability and Governance (JPAG) Practitioners on the valuation of its assets which required authorities to apply a reasonable approach to asset valuation which is consistent from year to year. Where an authority changes its method of valuation during a financial year, the Council has noted that it will need to restate the prior year's figure in Line 9 of the Annual Governance and Accountability Return.</i></p>		

<p>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.</p>		
Evidence		Internal auditor commentary
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	<p>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. The RFO has ensured that by reconciling the council's accounts to the bank statement it has limited the exposure to errors, omissions or discrepancies in either the bank accounts or the cash books. Upon a review of the bank reconciliations, it is confirmed that the full reconciliation is signed off by a nominated Councillor with the minutes noting that the bank reconciliation statements have been verified and so signed.</p> <p><i>Comment: Council follows proper practices which state that bank reconciliations should be prepared routinely, subject to independent scrutiny and signed by members. Section 5.18 states that "It is a requirement of the current model financial regulations that bank reconciliations be prepared regularly, approved by members and signed as part of the regular minute record".</i></p>
<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 2022), the balance across the councils accounts stood at £299,642.21 as recorded in the Statement of Accounts and on the Year-end Bank

		<p>Reconciliation. At its meeting of 29th March 2022, Council reviewed its investment Policy and Strategy and agreed that a further review would be undertaken at a future meeting.</p> <p><i>Comment: Council follows guidance on its investments as issued by the Secretary of State under section 15(1)(9) of the LGA 2003 (3rd edition) which states that all councils that have investments in excess of £100,000 should have in place an investment strategy.</i></p>
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	<p>Balances across the Council's accounts are reported at each full Council meeting. The RFO ensures 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.</p>
Additional comments:		

Section 11 – year end procedures		
Evidence		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	Yes	<p>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.</p>
<i>Financial trail from records to presented accounts</i>	Yes	<p>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.</p> <p>Year-end balances agree with cash book and bank reconciliations: Debtors: £8,050.44 VAT Account: £2,092.58 Bar Stock: £1,887.30 Bank Accounts: £299,642.21 less Creditors: £22,301.38</p>

		Represented by: Total Reserves: £289,371.15
<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. Workings showing the breakdown of figures to be entered onto the AGAR were submitted for internal audit review. The Internal Auditor has based the review on the figures as submitted and accordingly completed the Annual Internal Audit Report of the AGAR.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	Not applicable	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 2021 were from 14 th June until 23 rd July 2021.
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	Council is aware of the publication requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 but not exceeding £6.5 million which states that following should be published on its website by the deadline of 30 September: Annual Internal Audit Report including accompanying narrative report Section 1 – Annual Governance Statement of the AGAR - audited Section 2 – Annual Accounting Statements of the AGAR - audited Section 3 – External Audit Report and Certificate Notice of the period for the exercise of public rights
<i>Additional comments:</i>		

Section 12 – internal audit

¹⁰ Annual Governance & Accountability Return (AGAR)

¹¹ Accounts and Audit Regulations 2015

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.		
Evidence		Internal auditor commentary
Has the Council considered the previous internal audit report?	Yes	Full Council at its meeting of 25 th May 2021 accepted the internal audit report noting the one recommendation.
Has appropriate action been taken regarding the recommendations raised?	Yes	The following recommendation was considered and was implemented during the year under review: 1. Adoption of a General Reserve Policy
Has the Council confirmed the appointment of an internal auditor?	Yes	The appointment of SALC as the Council's internal auditor was confirmed at the meeting of 25 th May 2021.
Additional comments:		

Section 13 – external audit for the period under review		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		Internal auditor commentary
Has the Council considered the previous external audit report? ¹²	Yes	Full Council considered the External Audit Report and Certificate for the year ending 31 st March 2021 at its meeting of 28 th September 2021. Council has taken steps to advertise the conclusion of the audit and follows the approved steps as set out in the Accounts and Audit Regulations 2015 (SI 2015/234) as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 (SI 2020/404). <i>Comment: the RFO is aware that there is a requirement to ensure that Sections 1, 2 and 3 are published and remain available for public access for a period of not less than 5 years from the date of publication.</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.

<i>Has appropriate action been taken regarding the comments raised?</i>	<i>Not applicable</i>	There were no matters which came to the attention of the External Auditors which gave cause for concern that relevant legislation and regulatory requirements have not been met.
Additional comments:		

Section 14 – additional information The internal auditor will look for 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 because of the COVID-19 pandemic)</i> ¹⁴	Yes	Council held its Annual Council Meeting on 25 th May 2021 in person at which the Chair and Vice-Chair for the coming year were elected as the first items on the agenda, in accordance with legislation. <i>Comment: On 4th April 2020, the Government included within s.78 in the Coronavirus Act 2020 the ability for the Secretary of State to have the power to make Regulations to cover the provisions for the holding of meetings. 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 for its meeting held before 7th May 2021. In accordance with the repeal of the Coronavirus Act 2020 legislation all full Council and Committee meetings held after 7th May 2021 were held in person.</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 and that loose-leaf minutes are lawful provided that the pages are consecutively numbered and initialled by the person signing the minutes at the time of signature (LGA 1972 Sch. 12 para 41 (1)).

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

<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the Town Council's website of the Register of Interests for all current Parish Councillors.
<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>	Yes	<p>Council is continuing to work towards ensuring compliancy with the minimum datasets that should be published as per the requirements as set out in the Local Government Transparency Code (2015), with a range of documents relating to the current year being able to view on the Council's website.</p> <p><i>Comment: the transparency code requirements include the publication of quarterly reporting of spending transactions valued over £500; quarterly reporting of invitation to tender for contracts over £5,000; quarterly publication of details of every transaction on a government procurement card; the annual reporting of organisational charts; annual reporting of details of remuneration and job title of certain senior employees whose salary is at least £50,000; annual reporting of all grants made to voluntary, community and social enterprise organisations and the annual reporting of the location of public land and assets.</i></p> <p>Recommendation: Council should seek to ensure that the information on the website is regularly reviewed and populated with the latest documentation.</p>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁶</i>		The council is correctly registered with the IO as a Data Controller in accordance with legislation. Reference: ZA322497 - expires 20/03/2023. The Freedom of Information Act requires every public authority to have a publication scheme, approved by the Information Commissioner's Office (ICO), and to publish information covered by this scheme. Council has such a scheme, which sets out the Council's commitment to make certain classes of information routinely available, such as policies and procedures, minutes of meetings, annual reports and financial information and is annually updated. The scheme is available to view on the Council's website.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	The Council has taken steps to ensure compliancy and reviews its policies on an annual basis. The minutes of the meeting of 29 th March 2022 confirm that members reviewed and adopted its policies covering GDPR and

¹⁶ Data Protection Act 2018

		adopted the following policies: Information Protection Policy, Removal Media Policy and Information Security Incident Policy. The range of documents able to view on the website details 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. The meeting of 25 th May 2021 confirmed that Council's Data Protection Officer is still a current appointment.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁷</i>	Yes	The Council's 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. Also noted are the accessibility tools on the website thereby allowing for the increased functionality of the council's website.
<i>Does the council have official email addresses for correspondence?¹⁸</i>	Yes	Council has a .org domain for its council website which also supports a secure and digitally managed email system. Council is aware of the importance of ensuring that it uses a secure e-mail system thereby identifying that it has authoritative status and demonstrating authenticity when building trust and credibility with the public. Recommendation: Council might wish to consider following guidance contained within proper practices which recommends that a GOV.UK domain name be used to support council's official email accounts for officers and councillors (section 5.16 of the Practitioners' Guide to Proper Practices – March 2021).
<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 regular basis.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	Council does not operate with a committee system.
Additional comments:		

¹⁷ Website Accessibility Regulations 2018

¹⁸ Practitioners Guide

Summary: The Internal Auditor offers her appreciation for the assistance given by the Clerk in completing this audit. The internal audit review, undertaken on the documentation provided to the internal auditor and that published on the Council's website, has provided evidence of the overall adequacy and robustness of the financial arrangements in place within the Council. Acknowledging that the primary role of the internal auditor is to provide independent, objective assurance to Members and management that key risks are being managed effectively, a number of comments and recommendations have been made in the light of the year ending 31st March 2022 with areas identified that could be expanded to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively.

For the year effective 1st April 2022, please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2022.

Signed: V S Waples

Date of Internal Audit Visit: 19.05.2022

Date of Internal Audit Report: 19.05.22

On behalf of Suffolk Association of Local Councils