

Report to Ringshall Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2022

1. Introduction and Summary.

1.1 The Internal Audit for the year 2021/22 confirmed that the Council is maintaining an effective framework of financial administration and internal financial control.

1.2 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the current Clerk, in the role as the Council's Responsible Financial Officer (RFO), is satisfactorily undertaking the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £22,463.68

Total Payments in the year: £40,665.94

Total Reserves at year-end: £24,777.68

1.4 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2021/22 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £42,980</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £7,900</i>
<i>Total Other Receipts:</i>	<i>Box 3: £14,564</i>
<i>Staff Costs:</i>	<i>Box 4: £3,846</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £36,820</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £24,778</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £24,778</i>
<i>Total fixed assets:</i>	<i>Box 9: £132,606</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).

2.1 The Annual Parish Council meeting took place on 18 May 2021. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972. The Council also reviewed and agreed the Terms of Reference and membership of the Personnel Committee and the appointment of representatives of the Council.

2.2 At the meeting on 27 July 2021 the Council considered the creation of a Planning Application Committee and its associated Terms of Reference. The Council resolved to create a Planning Committee and for it to agree its own Terms of Reference. The Council agreed the membership of the Committee (Minute 11 refers). and agreed roles and responsibilities of Councillors in supporting the community (Minute 18 refers).

2.3 Standing Orders are in place. At the meeting of the Council on 18 May 2021 the Clerk/RFO presented the amended Standing Orders reflecting minor changes due to the underlying model document changes and due to aligning with other Council resolutions. Council resolved to accept the changes and approved the updated document (Minute 7a refers). A further small amendment was approved by the Council on 27 July 2021. The Standing Orders were again approved by the Council on 29 March 2022 and reflect the latest model documents published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.4 Similarly, the Council's Financial Regulations were reviewed and approved by the Council on 18 May 2021. The Clerk/RFO presented the amended Financial Regulations reflecting minor changes due to the underlying model document changes. The Council resolved to accept the changes and approved the updated document (Minute 7b refers). Financial Regulations were again approved by the Council on 29 March 2022. A copy has been published on the Council's website.

2.5 The Council demonstrates good practice by maintaining a 3-Year Business Plan covering the years 2021- 2024. A copy has been published on the Council's website. The Plan is notated that it was first adopted in 2020 and was due for review in November 2021. The Business Plan sets the Parish Council's vision for the parish, its purpose, values, objectives and key priorities. The aim of the Plan is to give Ringshall parishioners a clear understanding of what the Parish Council does and what it is trying to achieve. It is stated that the Plan is a live document and will be reviewed annually, used to drive the budget process, plan activities for the coming year and enable the Parish Council to monitor its progress against key priorities.

2.6 The Council is currently not applying the General Power of Competence (GPOC).

2.7 The Clerk and Responsible Financial Officer (RFO) in post at the beginning of the 2021/22 year was Mr D Smith. At the meeting held on 28 September 2021 the Council received Mr Smith's resignation to take effect on 31 October 2021. A meeting of the Personnel and Appeals Committee was held on 5 October 2021 and agreed to advertise for a replacement Clerk/RFO on scale points 11-13 of the National Joint Council for Local Government Services pay scale.

2.8 At its meeting on 28 October 2021 the Council considered the options available in the interim period (a temporary clerk, designating an unpaid person from a member of the Parish Council or employ a locum Clerk) and decided that the Chairman and Vice-Chairman could work together to address all the required work until a new Clerk was in position (Minute 4 refers).

2.9 At its meeting on 18 November 2021 the Council agreed to appoint Mrs Lacey Luther as Clerk/RFO under a Contract of Employment and Job Description with suitable provision of induction, training and support (Minute 8 refers). Mrs Luther was to be initially supported by Mrs Jennie Blackburn, in the position as a Temporary Clerk.

2.10 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year.

2.11 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA565813 refers, expiring 28 November 2022). The contact address on the ICO's Registration is correctly displayed as the current Clerk/RFO to ensure that any data protection queries are routed to the Council.

2.12 Data Protection Policies were approved without change by the Council at the meeting on 18 May 2021. The policies in place and published on the Council's website include a Data Retention Policy and a Data Protection Policy, both of which were reviewed and approved by the Council at its meeting on 29 March 2022.

2.13 The Council reviewed the Freedom of Information (Fol) Policies at the meeting on 18 May 2021 and resolved to accept them without change. The Council reviewed the Publication Policy at its meeting on 29 March 2022.

2.14 The Council also maintains a range of other formal Policies, Procedures and Protocols. These include a Health and Safety Policy (adopted by the Council on 18 May 2022) and an Apologies Policy (adopted on 27 July 2021). The Council has also published on its website a Safeguarding Policy, Equal Opportunities Policy, Grievance Procedure, Disciplinary Procedure and a Complaints Procedure.

2.15 The Council reviewed and adopted the Suffolk Local Code of Conduct for Councillors at the meeting held on 21 May 2019. A copy of the Code has been published on the Council's website. It is good practice for local councils to periodically review and re-adopt the Code of Conduct in order to emphasise the requirements and responsibilities placed upon each individual Councillor.

2.16 At its meeting on 25 January 2022 the Council agreed to change the website provider to Suffolk Cloud, considered to be a more user-friendly provider. The new provider has published a Website Accessibility Statement to assist meeting the current website accessibility regulations to ensure that as many people as possible are able to use the website.

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

3.1 The Cashbook Spreadsheet was examined by the Internal Auditor and discussed with the Clerk/RFO. After some minor changes to the presentation of data, the Spreadsheet was found to be in order. VAT payments are tracked and identified within the Cashbook.

3.2 Payments made under Section 137 of the Local Government Act 1972 are separately identified as required. The Council reviewed the 2020/21 items listed under Section 137 expenditure at its meeting on 18 May 2021 (Minute 15 refers).

3.3 The Spreadsheet is referenced but could be improved if a voucher number is applied to each payment (and each receipt) and then noted in the Voucher Number column in the Cashbook Spreadsheet. This will in turn provide an audit trail from invoice to Cashbook and the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of supporting invoices was examined and found to be in order.

3.4 A Statement of Analysis of Significant Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has yet to be prepared by the Clerk/RFO. The Statement has to be provided to the External Auditors and published on the Council's website

3.5 Re-claims to HMRC for VAT paid are being made. A re-claim to HMRC for £5,313.77 was received at bank on 10 May 2021.

3.6 Reports were made by the Clerk/RFO to the Council on Community Infrastructure Levy (CIL) issues during the 2021/22 year. The Annual Report for 2020/21 was approved by the Council at its meeting on 18 May 2021. The CIL Annual Report for 2021/22 has been prepared by the Clerk/RFO and confirms a balance of £11,523.80 brought forward from previous years, CIL funds of £6,147.82 received in the year and none used on projects in the year of account. The balance retained at the year-end accordingly stood at £17,671.62. The CIL Annual Report for 2021/22 is due for publication on the Council's website and submission to the District Council no later than 31 December 2022.

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

4.1 The Council reviewed the Internal Control Statement at the meeting held on 28 September 2021 (Minute 13 refers). The Chairman signed the document on behalf of the Council.

4.2 The Council also reviewed and approved the Internal Control and Risk Management arrangements at the meeting on 29 March 2022 (Minute 13a refers).

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

4.4 Insurance was in place for the year of account. The Council approved the insurance renewal payment of £234.08 to CAS Insurance at its meeting on 28 September 2021. The cover is provided by Royal and Sun Alliance Insurance and runs from 1 October 2021 to 30 September 2022. Public Liability cover and Employer's Liability cover each stand at £10m. The Fidelity Insurance (Councillor/Staff fraud or dishonesty) stands at £25,000, which is marginally less than the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants (which in the case of the Council was approximately £29,000 as at 31 March 2022).

4.5 A Parish Emergency Plan for Ringshall has been published on the Council's website but is dated April 2016 and now appears to be out of date and should be reviewed and updated as necessary.

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

Precept 2021/22: £7,900 (26 January 2021)

5.1 Good budgetary procedures are in place. The Council prepared detailed estimates of the annual budget and of receipts and payments. A Draft Budget for the year 2021/22 was considered and approved at the Council's meeting on 26 January 2021. A Precept was agreed but the amount was not displayed in the Minutes of the Council's meeting.

5.2 A Draft Budget for the year 2022/23 was considered at the Council's meeting on 25 January 2022 and both the budget and Precept put forward were approved. The amount of the Precept was not displayed in the Minutes of the Council's meeting.

Recommendation 1: In the interests of transparency the amount of the Precept should be displayed in the Minutes to clearly indicate the amount of Council Tax to be charged upon local residents.

5.3 During the course of the year 2021/22, at the meetings on 18 May 2021, 27 July 2021, 28 September 2021 the Council received a detailed 'Budget compared to Actual Receipts and Payments' report.

5.4 Overall Reserves available to the Council as at 31 March 2022 were £24,777.68. Of those, the Earmarked/Restricted Reserves totalled £20,271.62 and were comprised of the following:

CIL Restricted Funds:	£17,671.62
Car Park Reserve:	£1,750.00
Locality Award (Quiet Lanes):	£600.00
Staffing Cost Reserve:	£250.00

5.5 General Reserves (Overall Reserves less Earmarked Reserves) as at 31 March 2022 accordingly totalled £4,506.06 which is equivalent to between one and two months of expenditure incurred in 2021/22. Accordingly, the level of General Reserves was lower than the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.32 refers).

Recommendation 2: The Council should continue to (a) monitor the level of its General Reserves to ensure that they are sufficient to meet, within reason, any unforeseen items of expense that may occur and (b) work towards building General Reserves to meet the best practice guidelines.

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

6.1 Receipts recorded in the Cashbook were cross referenced with the Council's bank statements on a sample basis and were found to be in order.

7. Petty Cash (Associated books and established systems in place).

7.1 A Petty Cash system is not in use; an expenses system is in place, with payments being made for expenses incurred.

8. Payroll Controls (PAYE/NIC in place; compliance with HMRC procedures; records relating to contracts of employment).

8.1 Payroll Services are operated on behalf of the Council by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. Detailed payslips are produced.

8.2 There is a Contract of Employment in place between Mrs Luther and the Council, confirmed in the covering letter dated 19 November 2021 from the Chairman to Mrs

6

Luther. The starting salary was at NJC LC1 Scale Point 11 (at that time £11.30 per hour, since raised to £11.50 per hour, back dated to 1 April 2021). The number of working hours is stated as 20 hours each calendar month.

8.3 With regard to the legislation relating to workplace pensions, a declaration of compliance is required to be provided by local councils to the Pensions Regulator under the Pensions Act 2008 (The declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years). It is not clear when the most recent declaration or re-declaration was made and it is suggested that the Clerk/RFO consults the Pensions Regulator in this respect.

8.4 At the meeting on 18 May 2021 an agenda item provided for the review of employment policies and procedures and accept any proposed changes. The Clerk/RFO in post at that time advised the Council that such policies did not exist but Standing Orders required their review at the Annual Meeting of the Council. The Clerk/RFO advised the Council that as a good employer these documents should be in place and the Council agreed that the documents should be created. Whilst some staffing and employment policies have been published on the Council's website, it is believed that this remains an outstanding issue.

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

9.1 An Asset Register is in place and was reviewed and approved by the Council at the meeting held on 18 May 2021 (Minute 11 refers). The Council considered and adopted an up-dated copy of the Asset Register at its meeting on 27 July 2021 following agreed additions (Minute 14a refers). The Council received a report from the Clerk/RFO on the state of the assets and the Council resolved that the Register was a true and correct representation of the Council's assets (Minute 14a refers).

9.2 At the meeting on 27 July 2021, as part of its responsibility for provision of assets, the Council also considered and resolved to support the provision of a play area The Council agreed to set up a Play Area Working Party/Group and agreed the membership of the Working Party and its Terms of Reference. The Council continued to receive reports and updates during the year of account on the progress of the play area project.

9.3 As at 31 March 2022 the Asset Register displays a total value of £132,606, an increase of £23,343 from the value of £109,263 at the end of the previous year, 31 March 2021. The assets are recorded at cost value. In the instances where the actual cost is unknown the asset is recorded at a proxy value or a nominal £1 community value.

9.4 The Asset Register complies with the current requirements which provide that each asset should be recorded at a consistent value, year-on-year.

Recommendation 3: A reconciliation should be constructed between the value recorded as at the end of the previous year (31 March 2021) and the value recorded as at 31 March 2022 to confirm that the correct value is placed in Box 9 of the AGAR 2021/22 and to provide assurance to the External Auditors that the items acquired in the year have been accurately recorded.

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

10.1 Bank Reconciliations were presented to the Council on 18 May 2021 and 28 September 2021 having been verified and signed by a nominated Councillor.

10.2 At its meeting on 2 December 2021 the Council appointed a non-banking Signatory Councillor to sign-off the accounts against the bank reconciliation on a quarterly basis (Minute 7a refers).

10.3 At the meeting on 25 January 2022 the Clerk/RFO reported that banking access has not as yet been processed by Barclays Bank so she was unable to provide a current financial position for the Council. At the meeting a Councillor agreed to undertake the role of the Councillor Financial Controller. The Council noted on 29 March 2022 that the Clerk/RFO had prepared a bank reconciliation for verification by the nominated Councillor.

10.4 The bank account statements as at 31 March 2022 in respect of the Council's Barclays Community (Current) Account (£1,770.76) and the Barclays Business Premium (Savings) Account (£23,006.92) reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation.

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

11.1 End of Year accounts are prepared on a Receipts and Payments basis and following some amendments in presentation were seen to be in good order. Sample audit trails were undertaken and were also found to be in good order.

12. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions. The Council receives details of receipts and payments for review and approval.

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

12.3 At its meeting on 18 May 2021 the Clerk/RFO informed the Council that the Stowmarket branch of their bank was closing, meaning the Clerk would have to travel to central Ipswich or Bury St Edmunds to perform banking actions. The Clerk/RFO therefore advised Council that the banking signatories should apply for internet banking and that future transactions should be done using it. The Clerk/RFO confirmed to the Council that the required level of double signing would be maintained by the on-line banking system. The Council resolved that the banking signatories should all operate full online banking (Minute 15f refers).

12.4 The Council was updated on 27 July 2021 regarding the progress in signatories gaining internet banking capability. The Council approved an Internet Banking Policy at the meeting.

12.5 The online payments made by the Council were examined by the Internal Auditor on a sample basis by verifying the entries in the bank account with the supporting documentation. The Auditor confirmed that:

- (a) At the meeting on 29 March 2022 the Council noted a change in Financial Regulations allowing for just one signatory instead of two to release an online payment after the payment has been input by another person (normally the Clerk/RFO).
- (b) As a result, the Clerk/RFO (as Service Administrator) initiates the electronic payments which are then authorised by one Councillor to enable payment to be released.
- (c) The Internet Banking payment confirmation is attached to the appropriate invoice to confirm the amount, date and payee in order to ensure an audit trail is in place.
- (d) Nominated Councillors have been specifically authorised to approve transactions generated by the Clerk/RFO.

12.6 Tests checks were also undertaken by the Internal Auditor on cheque payments made prior to 31 January 2022 and confirmed that

(a) cheque numbers were noted on the paid invoices/vouchers to assist the verification of the payment.

(b) Invoices/vouchers for payment were signed/initialled by the Cheque Signatories in confirmation of the payment being correctly made and

(c) In most, but not all, cases, Cheque Book counterfoils were initialled by Cheque Signatories in accordance with Financial Regulation 6.5.

12.7 The Internal Audit Report for the year 2020/21 was undertaken by 'Heelis and Lodge' and received by the Council at its meeting on 27 July 2021 (Minute 13a refers).

12.8 The Internal Auditor for the year 2021/22 was appointed by the Council at its meeting on 29 March 2022 (Minute 12e refers).

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

13.1 The Report and Certificate 2020/21 from the External Auditors, PKF Littlejohn LLP, for the year 2020/21 was reported to the Council at its meeting on 28 September 2021 (Minute 12 refers).

14. Publication Requirements.

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

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

14.2 The Internal Auditor was able to confirm that the documents were readily accessible on the Council's webpage:

<http://ringshall.onesuffolk.net/parish-council-business/accounts/>

Following the completion of the External Audit the following must be published on a publicly accessible website:

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

14.3 At its meeting on 28 September 2021 the Council resolved to display the Notice of Conclusion of Audit (Minute 12 refers). However, the Internal Auditor was unable to identify that the Notice or the External Auditor's Report and Certificate for 2020/21 (AGAR Section 3) were readily accessible on the Council's webpage.

Recommendation 4: For the year 2021/22 the Council should ensure that all the information required to be published under the Accounts and Audit Regulations 2015 is made available on a publicly accessible website by the required dates.

15. Additional Comments

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work. I would particularly like to commend the Clerk/RFO for presenting the Council's documents for audit in a careful and orderly manner.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

24 May 2022