# Report to Wetherden Parish Council

### The Internal Audit of the Accounts for the year ending 31 March 2023

**1. Introduction and Summary.**

1.1 The essential information required for the completion of the Internal Audit was e-mailed/posted by Mrs Christine Mason, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor. All relevant published data held on the Council’s website was accessed by the Internal Auditor. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were accordingly completed.

1.2 The Internal Audit work undertaken confirmed that during the 2022/23 year the Council maintained a satisfactory framework of financial administration and internal control. By examination of the 2022/23 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council’s RFO, has satisfactorily undertaken the administration of the Council’s financial affairs and produced adequate 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: £17,593.59*

*Total Payments in the year: £21,593.94*

*Total Reserves at year-end:* *£**35,647.39*

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

*Balances at beginning of year (1 April 2022): Box 1: £39,647*

*Annual Precept 2022/23: Box 2: £12,890*

*Total Other Receipts: Box 3: £4,704*

*Staff Costs: Box 4: £5,403 \* Note 1*

*Loan interest/capital repayments: Box 5: £951*

*All Other payments: Box 6: £15,240 \* Note 2*

*Balances carried forward (31 March 2023): Box 7:* *£**35,647*

*Total cash/short-term investments: Box 8: £35,647*

*Total fixed assets: Box 9: £94,468*

*Total borrowings (PWLB): Box 10: £3,202*

*\* Note 1: Includes Net Salary of £5,096.25 and PAYE £306.60 rounded for purposes of the Return.*

*\* Note 2: All Other Payments are £21,594 less (£5,403 + £951) = £15,240*

1.5 Sections One and Two of the AGAR were approved by the Council and signed by the Chair and the RFO on 12 June 2023. The Internal Auditor has completed the Annual Internal Audit Report 2022/23 within the AGAR.

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

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

2.1 The Annual Parish Council meeting took place on 16 May 2022. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and reflect the model Standing Orders published by the National Association of Local Councils (NALC).

2.3 Financial Regulations are in place and similarly are based on the NALC model Financial Regulations.

2.4 The Council’s Minutes provide evidence of the decisions taken by the Council in the year. The Minutes are approved and signed by the Chairman at the following meeting. Each page is initialled by the Chair of the meeting at which the Minutes are approved. The Minutes presented to the Internal Auditor were in loose-leaf form and each page was consecutively numbered to evidence that a lawful and authentic record is being maintained.

2.5 The Council is registered with the Information Commissioner’s Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration Z3600424 refers, expiring 17 March 2024).

2.6 The Council’s records show that the Council has adopted a Data Protection Privacy Policy and a Document Retention Policy (the meetings held on 21 May 2018, Minute 2018/19, and on 15 October 2018, Minute 2018/96 refer) in response to the General Data Protection Regulations (GDPR). A copy of each can be accessed on the Council’s website under the search function.

2.7 The new Model Publication Scheme to assist compliance with the Freedom of Information legislation was considered and approved by the Council at its meeting on 27 March 2023.

2.8 At its meeting on 20 June 2022 the Council noted the latest national Councillors Code of Conduct published by the Local Government Association (LGA) and resolved to adopt it at a future meeting.

2.9 It is considered that the Council’s website would benefit from additional development and upgrading to enhance the user-experience and to meet the standards achieved by many other local similar sized councils, both in terms of quality of presentation and the amount of information available to local residents and the community in general.

2.10 In addition, as reported in the Internal Audit Report dated 28 June 2021, website accessibility regulations came into effect from 23 September 2020. It is good practice for local councils to publish a Website Accessibility Statement which details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible or where there would be a disproportionate burden to secure full accessibility with contact details to report accessibility problems.

**Recommendation 1: The Council should consider up-grading its website to enhance user-experience in terms of the quality of the website and ease of access of the information published. The Council should publish a Website Accessibility Statement (or request the website host to provide a Statement) which will include website navigation and accessing information and disclose any areas which are exempt from the Regulations or may involve a disproportionate financial burden to achieve full accessibility with contact details in the event of accessibility problems being experienced.**

**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 found to be in order overall. No payments were recorded in the year as having been made under the Local Government Act 1972 (Section 137).

3.2 A sample of transactions were examined and found to be in order, with supporting invoices, vouchers and receipts in place.

3.3 The Cashbook Spreadsheet includes a separate column identifying the VAT element within each payment to assist future re-claims to HMRC. A sample of transactions was examined and all was found to be in order.

3.4 Re-claims are being submitted to HMRC for VAT paid. The re-claim to HMRC for £1,344.10 VAT paid in the period 1 April 2019 to 31 March 2021 was received at bank on 21 September 2021.The Clerk/RFO confirmed that a reclaim for VAT paid since 1 April 2021 is currently being prepared.

3.5 The Clerk/RFO has constructed a Community Infrastructure Levy (CIL) Annual Report as at 31 March 2023. The Report displays the balance of £3,540.16 brought forward as at 1 April 2022 with the total amount spent on the new play equipment at the Wetherden Play Area. There is accordingly a Nil balance of CIL Funds as at 31 March 2023.

3.6 An Explanation of Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) is currently being prepared by the Clerk/RFO for publication on the Council’s website.

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

4.1 At its meeting on 26 September 2022 the Council noted the unplanned closure of the Parish Council’s HSBC bank account and authority was given to the Clerk/RFO to progress an alternative account with Lloyds Bank; the Signatories were to be the Clerk/RFO and Councillor Perry and Councillor Hensley (Minute 2022/63 refers). The Council noted on 21 November 2022 that the new account with Lloyds Bank was open and online banking initiated (Minute 2022/82).

4.2 The bank statement as at 31 March 2023 in respect of the Council’s Lloyds Bank Treasurer’s Account (£35,647.39) reconciled with the End-of-Year Accounts.

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

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

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

6.1 The Council has the following Internal Control and Risk Management documents in place:

* Review of Effectiveness of Internal Control
* Statement of Internal Control
* Overall Risk Assessment
* Risk Assessment and Management (Financial)

6.2 The Council reviewed and approved the Internal Control and Risk Assessment documents at its meeting on 27 March 2023 (Minute 2023/121 refers). The documents provide a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified.

6.3 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 the management of risk, with the review suitably Minuted.

6.4 The Clerk/RFO confirmed that an Annual Independent Inspection of the Play Area by Mid Suffolk District Council was authorised in December 2022 and the Play Area Report is awaited.

6.5 Insurance was in place for the year of account. At its meeting on 21 March 2022 the Council noted that quotations were being sought for insurance cover for the forthcoming period 12 April 2022 to 11 April 2023 following the expiration of the 3-year long-term agreement with AXA Insurance in April 2022. The payment of £1,181.18 to Gallagher (Insurance Brokers) was retrospectively authorised by the Council on 16 May 2022.

6.6 The Clerk/RFO confirmed that the Employer’s Liability cover and Public Liability cover each stand at £10m. and the level of Employee Dishonesty (Fidelity Guarantee) cover stands at £150,000 (which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants).

**7. Publication Requirements and meeting the Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).**

7.1 Wetherden Parish Council is designated as a ‘Smaller Council’. The Council’s website is:[*http://wetherden.onesuffolk.net*](http://wetherden.onesuffolk.net)

7.2 Under the Transparency Code for Smaller Councils, the Wetherden Parish Council should publish on their website:

7.3 Smaller authorities should publish on their website:

a) All items of expenditure above £100:

Included within the published Minutes on the website.

b) Annual Governance Statement, AGAR, Section One:

2021/22 published on the website.

c) End of year accounts, AGAR, Section Two:

2021/22 published on the website.

d) Annual Internal Audit report within AGAR:

2021/22 published on the website.

e) List of councillor or member responsibilities:

Published on the website.

f) Minutes, agendas and meeting papers of formal meetings:

Published on the website.

7.4 The Council is complying with the requirements of the Transparency Code (a current copy of the Asset Register should be published on the Council’s website).

7.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required the Council to publish a ‘Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)’ on a publicly accessible website. The Internal Auditor was able to confirm that the document for the year 2021/22 was available on the Council’s website.

7.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed as easily accessible on the Council’s website.

**8. Budgetary controls *(Verification of the budgetary process with reference to***

***Council Minutes and supporting documents).***

Precept 2022/23: £12,890 (confirmed on 22 February 2022, Minute 2022/308 refers).

Precept 2023/24: £12,890 (approved at a meeting of the Council on 23 January 2023, Minute 2023/99 refers).

8.1 The Budget and the Precept for the year 2022/23 were discussed at the meeting on 24 January 2022. The Council resolved that the agreed costs for the year 2022/23 were to be calculated by the Clerk/RFO and a final figure circulated for Councillors to approve. The Council confirmed a Precept of £12,890 at the meeting held on 22 February 2022.

8.2 At its meeting on 23 January 2023 the Council considered the budget for the year 2023/24 and agreed to set the Precept as £12,890.

8.3 As at 31 March 2023 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur. Total Reserves as at 31 March 2023 were £35,647.39, of which the Clerk/RFO confirmed that Earmarked/Restricted Reserves stood at £3,062 as follows:

Tennis Court Resurfacing: £1,073

Playing Field Refurbishing: £1,164

Pavilion Maintenance: £825

8.4 The Council’s General Reserves (Overall Reserves less Earmarked/Reserved Funds) accordingly stood at £32,585.39 and were in excess of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (effectively the Precept less any loan repayments - the JPAG Proper Practices Guide, Item 5.33 refers).

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

9.1 Receipts recorded in the Cashbook consisted of Precept (£12,890), Wayleave £126.59), Locality Budget Grant (£2,450), MSDC Grants (£1,482), Pitch Hire (£625) and Miscellaneous (£20).

9.2 The Receipts were cross referenced with the bank statements on a sample basis and were found to be in order.

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

10.1 A Petty Cash system is not in use; an expenses system is in place with reimbursements being made for expenses claimed.

**11. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures;***

***records relating to contracts of employment).***

11.1 Payroll Services were operated in the year of account by the Suffolk Association of Local Councils (SALC) in accordance with HMRC regulations. Detailed pay slips were produced. The P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor to confirm the gross salary paid and the tax deducted and paid to HMRC.

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

12.1 An Asset Register and an Asset Maintenance Schedule are in place and were reviewed and approved by the Council at the meeting on 27 March 2023 (Minute 2023/122 refers). The Asset Maintenance Schedule includes a list of Councillors allocated to check the various assets and to report back upon any issues relating to the assets they are monitoring.

12.2 As at 31 March 2023 the Register displays a value of £94,468, an increase of £300 from the value of £94,168 at the end of the previous year, 31 March 2022, and reflects the acquisition of a new litter bin in the year of account.

12.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are displayed at original purchase cost or where the original purchase price is unknown, an assumed value/nominal value. The total value of £94,468 has been placed into Box 9 of Section 2 of the AGAR (Annual Return).

12.4 The Council has registered the Maypole Public House as an Asset of Community Value, confirmed by the Clerk/RFO at the Council’s meeting on 4 May 2021.

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

##### 13.1 The Clerk/RFO presents finance reports to the Council including up-to-date bank balances. Councillors are provided with information to enable them to make informed decisions.

##### 13.2 Payments and receipts are listed in the Council’s Minutes as part of the overall financial control framework. Invoices/vouchers are taken to Council meetings where they are examined and initialled/signed in confirmation of the correctness of the payment.

##### 13.3 The Internet Banking Payment Confirmation is attached to the invoices/vouchers paid electronically to evidence the date, time, the Payee and the amount of the payment. Payments in the 2022/23 year of account were made electronically, either by on-line payment or standing order/direct debit.

##### 13.4 At its meeting on 25 July 2022 the Council noted that the Internal Audit 2021/22 had been completed. The Council received and approved the Internal Audit report at its meeting on 26 September 2022. The points raised were noted and agreed, including a review of online banking to be undertaken by the Council (Minute 2022/64d refers) in line with previous Internal Audit Reports which recommended that there should be a separation of duties in terms of the Clerk/RFO generating the electronic payments and a Councillor or Councillors authorising the payment.

##### 13.5 The Clerk/RFO is the Service Administrator who initiates the payments which are then authorised online by the Chairman and, if need be, by a second councillor. This procedure was put in place when the Council changed banks from HSBC to Lloyds Bank.

13.6 The Internal Auditor for the 2022/23 year was appointed by the Council at its meeting on 27 March 2023 (Minute 2023/121a refers).

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

14.1 An External Audit was not required in the year 2021/22. A Certificate of Exemption from a Limited Assurance Review was completed for that year at the Council’s meeting on 16 May 2022.

14.2 The Council is similarly able to apply for an exemption from an External Audit review in respect of the 2022/23 year as gross income or gross expenditure did not exceed £25,000 in the year.

## **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.



**Trevor Brown, CPFA**

**Internal Auditor**

**20 June 2023**