

## **Report to Bildeston Parish Council**

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

#### **1. Introduction and Summary.**

1.1 The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an overall satisfactory framework of financial administration and internal financial control. However, as recommended in the previous Internal Audit Report, in order to improve the overall financial control framework and to ensure transparency, the schedule of invoices authorised by the Council for payment, and significant items of income, should be listed within the body of the Council's Minutes or as an Appendix to the Minutes to evidence the payments approved by the Council.

1.2 An Action Plan, with measurable objectives, and a wide range of formal policies and procedures have been adopted by the Council to assist in efficient governance but many now require review to ensure they are up-to-date and fit for purpose.

1.3 This latest Internal Audit confirmed that the Clerk, in the role as the Council's Responsible Financial Officers (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.4 The Accounts for the year confirm the following:

*Total Receipts for the year: £76,767.94*  
*Total Payments in the year: £72,319.86*  
*Total Reserves at year-end: £75,302.74*

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

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £70,855</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £27,750</i>
<i>Total Other Receipts:</i>	<i>Box 3: £49,018</i>
<i>Staff Costs:</i>	<i>Box 4: £8,863</i>
<i>Loan interest/principal repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £63,457</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £75,303</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £75,303</i>
<i>Total fixed assets:</i>	<i>Box 9: £285,366</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.6 Sections One and Two of the AGAR are due to be approved and signed/dated at a forthcoming meeting of the Council. The Internal Auditor will complete the Annual Internal Audit Report 2022/23 within the AGAR following the agreement of this detailed Report with the Clerk/RFO.

1.7 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 9 May 2022. The first item of business was the Election of a Chairman as required by the Local Government Act 1972.

2.2 Standing Orders are in place and were reviewed and approved by the Council at its meeting on 15 May 2023. The Standing Orders are based on the Model Standing Orders and guidance issued by the National Association of Local Councils (NALC). A copy of the approved Standing Orders has been published on the Council's website.

2.3 Financial Regulations are also in place and were reviewed and approved by the Council at its meeting on 15 May 2023. The Financial Regulations are based upon the latest NALC model document and guidance. A copy of the approved Financial Regulations has been published on the Council's website.

2.4 The Council has a Responsible Financial Officer (RFO) in place, Mrs Angela Chapman having been appointed in September 2020.

2.5 The Bildeston Village website, which incorporates the Parish Council's information and data, includes details of some of the Council's priorities for the period leading up to and including 2023 including Community Engagement, Speed Restrictions, Village Sign, Retention of Local Bus Services and Water Courses survey which have been achieved. With a new Parish Council in place from May 2023 the Clerk/RFO confirmed to the Internal Auditor that the Council's priorities and planned future projects are to be reviewed and updated as a 4-year Work Plan for the period 2023- 2027.

2.6 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved. The Internal Audit identified some significant delay in the publishing of Minutes of Council meetings.

**Recommendation 1: The Council should ensure that Minutes of the Council's meetings are publicly available and published on the Council's website as soon as practicably possible after each meeting. Whilst Minutes of meetings**

**are normally published in the Bildeston Bugle each month, those are not so easily accessible, especially past Minutes.**

2.7 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 ZA119342 refers, expiring 26 May 2023). Whilst the ICO's Registration for the Council correctly displays the contact details of the Data Protection Officer (as the current Clerk/RFO) the contact address for the Council is given as that of the previous Clerk in Creeting St Mary. The Clerk/RFO agreed to remind the ICO of the Council's current contact address in order that any data protection queries can be correctly directed to the Council.

2.8 The Council has published a number of Data Protection Policies to assist compliance with General Data Protection Regulations (GDPR) including the following:

Data Protection and Security Policy  
Document Retention and Disposal Policy  
GDPR Data Handling Log  
GDPR General Privacy Notice  
GDPR Privacy Notice: Staff, Councillors and Role Holders.

2.9 The Council also maintains a number of other Policies and Procedures as well as those relating to Data Protection. These include a Publication Scheme, an Equality Policy, Grievance, Harassment and Bullying Policy, Health and Safety Policy, Capability Policy, Disciplinary Policy and Procedure and a Social Media Policy, all of which have been published on the Council's website.

**Recommendation 2: Many of the Council's policies were adopted several years ago and now require review to ensure they are up to date, reflect current conditions and applicable legislation and are fit for purpose.**

2.10 At the meeting on 11 July 2022 the Council received the new Local Government Association (LGA) Model Councillor Code of Conduct. The Council agreed to adopt the Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. At the time of the audit a copy of the latest approved Code had yet to be published on the Council's website.

2.11 In response to the Website Accessibility requirements, a Website Accessibility Statement has been published on the Council's website. This details what 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 and contact details in the event of 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 Scribe accounting package is used by the Council, the annual subscription of £345.60 having been paid on 14 February 2022 (for 2022/23). The system is well referenced and facilitates an audit trail to the Bank Statements, the Online payments and the financial information prepared by the Clerk/RFO. These documents provided good evidence in support of the receipts and payments in the year.

3.2 The Council's Accounts are maintained on a Receipts and Payments basis. A sample of transactions was examined alongside the supporting invoices and vouchers presented to the Internal Auditor and was found to be in good order.

3.3 VAT payments are tracked and identified within Scribe to assist reclaims to HMRC. A reclaim for the amount of £4,774.04 VAT paid for the period ending 28 February 2022 was received at bank on 11 April 2022. VAT paid during the year 2022/23 amounted to £8,344.76 and the Clerk/RFO confirmed that a reclaim will shortly be submitted to HMRC.

3.4 As the Council does not apply the General Power of Competence any payments made under the Local Government Act 1972 (Section 137) are required to be separately identified in the Cashbook.

3.5 The Clerk/RFO provides reports to Council on Community Infrastructure Levy (CIL) matters, including sums received. The Clerk/RFO has yet to prepare the Annual CIL Report for the year 2022/23, which has to be published on the Council's website and submitted to the District Council no later than 31 December 2023.

3.6 A Statement 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 submission to the External Auditor and publication on the Council's website .

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

4.1 Bank Reconciliations are regularly presented to the Council by the Clerk/RFO as part of the monthly financial information and data routinely delivered to Councillors.

4.2 The bank statements as at 31 March 2023 in respect of the Unity Trust Bank Current Account £58,514.96 and the Unity Trust Deposit Account £16,787.78 were confirmed by the Internal Auditor.

**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 have been correctly prepared on a Receipts and Payments basis and were found to be in good 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 At its meeting on 13 June 2022 the Council reviewed and approved the Internal Control Statement 2022/23 as part of the Council's review of the Internal Control tests at six-monthly intervals. Similarly, the Council considered and approved the Internal Control Statement 2023/24 at its meeting on 13 February 2023 (Minute C334/22/23e refers).

6.2 The Council has a Risk Assessment Register in place and provides a detailed analysis of the risks faced by the Council, the level of risk involved (High, Moderate or Low Risk) and the measures/actions in place to mitigate the identified risks. However, the Register was not reviewed and approved by the Council in the financial year 2022/23.

6.3 The Council accordingly did not comply 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.

**Recommendation 3: In the year 2023/24 the Council should fully comply with the Accounts and Audit Regulations Section 4 by reviewing 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 Insurance was in place for the year of audit. The general insurance policy was approved by the Council at its meeting on 9 May 2022. Payment of £792.30 was made on that date to BHIB (insurance broker). The Employer's Liability cover and the Public Liability cover each stand at £10m. The Councillor/Employee Dishonesty (Fidelity Guarantee) cover stands at £250,000 and meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

6.5 One of the most important issues for local councils in terms of risk management is the adequate maintenance and regular inspection of play equipment. The Annual Play Area Inspection was carried out by David Bracey Play Safety Inspections. However, there is no evidence that regular visual inspections are being made by nominated Councillors or another party employed to undertake that duty.

**Recommendation 4: The Council should nominate a Councillor or appoint an external party to undertake a visual inspection of the play equipment on a**

regular basis. A checklist should be completed and submitted to the Clerk/RFO who, in turn, can provide the necessary reports to Council and arrange for any required remedial work to be carried out. Many Councils arrange for a Councillor to make a visual inspection on a weekly basis and a more formal inspection and report on a monthly basis with an Annual RoSPA Inspection.

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

Precept 2022/23: £27,750 (10 January 2022, Minute C213/21/22 d refers).

Precept 2023/24: £29,800 (16 January 2023, Minute C321/22/23 b refers).

7.1 At its meeting on 10 January 2022, the Council considered the 2022/23 Budget and a Precept of £27,750 was agreed. The Precept was agreed in Full Council and the precept decision and amount have been clearly Minuted.

7.2 Similarly, at the meeting held on 16 January 2023 the Council approved the Precept for 2023/24. The Precept decision and amount have been clearly Minuted.

7.3 The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. Detailed Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

7.4 As at 31 March 2023 the Overall Reserves stood at £75,302.74. The Clerk/RFO is currently examining the list of Earmarked/Restricted Funds. 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.

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

8.1 The Receipts recorded in the Cashbook for the year consisted of Precept (£27,750), Cambridge & Peterborough Combined Authority (£32,920), Grants and Donations (£5,975), Mower Sale (£3,500), Burial Fees (£805), Memorial fees (£600), VAT reclaim (£4,774.04), Donation for bench slab (Cemetery) (£230.46) and Bank Interest (£213.44),

8.2 The Receipt of £32,920 from the Cambridge & Peterborough Combined Authority was held on behalf of 'Heating Bildeston' until a bank account had been opened by that organisation. The amount due to the project was paid to the bank account opened by 'Heating Bildeston' prior to the end of the financial year, 31 March 2023.

8.3 A sample of transactions recorded in the Cashbook was cross referenced with the bank statements and other supporting information on a test-check basis and were found to be in order.

8.4 The Clerk/RFO has recently taken over the management of the Grove Cemetery from a Councillor who had previously undertaken the responsibility of the administration of the cemetery.

**Recommendation 5: In the light of the Grove Cemetery administration being passed to the Clerk/RFO, the hours of work and duties/responsibilities of the Clerk/RFO should be reviewed to ensure that sufficient hours of work are provided to the Clerk/RFO to meet the key duty of Cemeteries Administration.**

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

9.1 No Petty Cash is held. An expenses system is in place, with online payments made for expenses incurred.

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

10.1 The Council is registered with HMRC and the payroll is being operated by 'An Accounting Gem' in accordance with HMRC requirements; detailed payslips are produced and PAYE is in operation.

10.2 At its meeting on 12 September 2022 the Council agreed a Contract of Employment for the Clerk/RFO (Minute C273/22/23c refers) and approved the new rates of pay under the NJC/NALC agreement to be backdated to 1 April 2022 (NJC SCP 15 at 43 hours per month).

10.3 With regard to the legislation relating to workplace pensions, the Clerk/RFO submitted to the Pensions Regulator on 9 February 2023 a re-declaration of compliance under the Pensions Act 2008. (The re-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).

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

11.1 The Asset Register was reviewed and approved by the Council at its meeting on 14 February 2022. (Minute C223/21/22f refers). The Clerk/RFO advised that the Register will shortly be reviewed again by the Council.

11.2 At the time of the Internal Audit visit on 19 May 2023 the details in the Register were being examined by the Clerk/RFO to ensure that the value recorded as at 31 March 2023 correctly reflected the assets held by the Council at that date. The Clerk/RFO confirmed on 12 June 2023 that the value stands at £285,366 as at 31 March 2023.

11.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The assets are displayed at original purchase cost, where known, or nominal/community value for gifted items.

11.4 Once the value as at 31 March 2023 has to be placed in Box 9 of Section 2 of the AGAR 2022/23.

**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 Clerk/RFO provides comprehensive financial reports to Council meetings, including available bank balances and details of CIL Funds. Payments are presented to the Council for approval. Councillors are provided with information to enable them to make informed decisions.

12.2 The Council's Minutes record that Scribe accounting reports are distributed to Councillors, including payments lists, cash book, bank reconciliation and a copy of bank statement to month end. Scribe accounting reports are checked by a non-Signatory Councillor and signed by the Chairman and the Clerk/RFO and approved by the Council. The Scribe monthly accounting reports for July, August and September 2022 were approved and signed at the Council's meeting on 10 October 2022.

12.3 The Clerk/RFO confirmed to the Internal Auditor that:

- (a) The Clerk/RFO is the Service Administrator who initiates the payments to be made through internet banking, which are then authorised electronically by two Councillors before payment is released.
- (b) Nominated Councillors have been specifically authorised to approve transactions generated by the Clerk/RFO.
- (c) The Approved Payments List, signed by the Authorising Signatories, is retained with the invoices and can be referenced to the bank statements.

12.4 Payments and Receipts are currently not listed in the Council's Minutes as part of the overall financial control framework. The schedule of invoices authorised by the Council are not listed in the Minutes of the Council's meetings or included as an Appendix to the Minutes. The Minutes currently state the item 'Payments for approval – Councillors to authorise' with no further details. It is in the interests of transparency that approved Payments (other than Salaries) and significant items of Income are listed in the Minutes of the Council meetings.

12.5 The Council's approved Financial Regulations item 5.2 provide that '*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.'*

12.6 The Internal Auditor recommended in his Report dated 16 May 2022 that to fully apply Financial Regulations item 5.2, the schedule of invoices authorised by the Council for payment and any significant items of income should be listed within the Minutes or as an Appendix to the Minutes of the meetings of the Council. This recommendation is repeated in this End of Year Report:

**Recommendation 6: To improve the overall financial control framework and ensure transparency and to meet the requirements of Financial Regulation 5.2, the schedule of invoices authorised by the Council for payment and significant items of income should be listed within the body of the Minutes or as an Appendix to the Council's Minutes.**

12.7 The Internal Audit report for the previous year (2021/22) was dated 16 May 2022 and was noted and approved by the Council at the meeting held on 13 June 2022. The Report had put forward the following three recommendations:

***R1:** The Council should ensure that a Contract of Employment for the Clerk/RFO is constructed and agreed by both parties as soon as practicably possible to confirm the key elements of the employment, including the salary to be paid, the hours of work and all related conditions of service.*

***Update at 19 May 2023:** At its meeting on 12 September 2022 the Council agreed the contract for the Clerk/RFO (Minute C273/22/23c refers) and approved the new rates of pay under the NJC/NALC agreement to be backdated to 1 April 2022*

***R2:** The Council should obtain from Barclays Bank, as a matter of urgency, confirmation of the amount held in its Current Account to evidence the sums included in the Council's End of Year Accounts.*

***Update at 19 May 2023:** This was addressed by the Clerk/RFO.*

***R3:** To fully apply Financial Regulations item 5.2, the schedule of invoices authorised by the Council for payment and any significant items of income should be listed within the Minutes or as an Appendix to the Minutes of the meetings of the Council.*

***Update at 19 May 2023:** As stated above at items 12.4 to 12.6, this has yet to be implemented.*

12.8 The Council formally appointed the Internal Auditor for the 2022/23 year at its meeting on 123 February 2023 (Minute C334/22/23 c refers).

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

13.1 The External Auditors' Report and Certificate for the year 2021/22 was dated 23 September 2022 and was noted and approved by the Council at its meeting on 10 October 2022. The External Audit Report raised no issues of concern but had drawn attention to the Internal Auditor's detailed report which had referred to weaknesses in relation to bank reconciliations. The External Auditor commented that the Council must ensure that action is taken to address these areas of weakness in a timely manner.

**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 Following the completion of the External Audit:

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 The Internal Auditor was able to confirm that the documents relating to the year 2021/22 were readily accessible on the Council's webpage:

<https://bildeston.org/parish-council/governance-processes-and-transparency/>

**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*

**Trevor Brown, CPFA**

**Internal Auditor**

**12 June 2023**