

## **Report to Bildeston Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2024**

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

1.1 The Internal Audit work undertaken confirmed that during the 2023/24 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. 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 effective framework of financial administration and internal financial control.

1.2 By examination of the 2023/24 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs in the year and produced appropriate financial and 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: £48,715.41*  
*Total Payments in the year: £61,044.46*  
*Total Reserves at year-end: £62,973.69*

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):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £75,303</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £29,800</i>
<i>Total Other Receipts:</i>	<i>Box 3: £18,915</i>
<i>Staff Costs:</i>	<i>Box 4: £9,538</i>
<i>Loan interest/principal repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £51,506</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £62,974</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £62,974</i>
<i>Total fixed assets:</i>	<i>Box 9: £288,527</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/dated at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2023/24 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 15 May 2023. The first item of business was the Election of a Chairman as required by the Local Government Act 1972. The Council approved at that meeting the regular/monthly payments for the financial year 2023/24 subject to any changes in amounts.

2.2 The List of Working Groups was considered and agreed by the Council at its meeting on 10 July 2023.

2.3 Standing Orders are in place and were reviewed and approved by the Council at its meetings on 15 May 2023 and 4 March 2024. 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.

2.4 Financial Regulations are also in place and were reviewed and approved by the Council at its meetings on 15 May 2023 and 4 March 2024. The Financial Regulations are based upon the NALC model document and guidance. A copy of the approved Financial Regulations has been published on the Council's website.

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

2.6 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

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 2024). Whilst the ICO's Registration for the Council correctly displays the contact details of the Data Protection Officer (the current Clerk/RFO), the contact address for the Council is given as that of a previous Clerk in Creeting St Mary. **The Clerk/RFO agreed to again advise the Information Commissioner's Office (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 the General Data Protection Regulations (GDPR) as follows:

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, Equality Policy, Grievance, Harassment and Bullying Policy, Health and Safety Policy, Capability Policy, Disciplinary Policy and Procedure, Complaints Procedure and a Social Media Policy, all of which have been published on the Council's website. The Council's Policies and Procedures were reviewed and agreed by the Council at its meeting on 11 September 2023 (Minute C395/23/24e refers).

2.10 At the meeting on 11 July 2022 the Council adopted the Local Government Association (LGA) Model Councillor Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. A copy of the latest approved Code has been 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 been 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. Contact details are displayed in the event of problems being experienced by users.

### **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 Council's Accounts are maintained on the **Scribe Accounting System**. Scribe is a cloud-based operating system, accessed by personal log-in and password, and can be accessed through any internet platform and connection. The Scribe Accounting System can provide appropriate and sufficiently detailed information to Councillors to enable them to make informed decisions.

3.2 The Council demonstrates good practice by providing Councillors with read-only access to the Scribe system in order that they may view/confirm information independently. The Scribe accounting 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.

3.3 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.

3.4 VAT payments are tracked and identified within Scribe to assist reclaims to HMRC. Re-claims for the amount of £8,342.58 for the year 2022/23 and the amount of £7,104.28 for VAT paid during 2023/24 was received at bank on 27 February 2024.

3.5 As the Council does not apply the General Power of Competence, payments made under the Local Government Act 1972 (Section 137) are separately identified in the Cashbook.

3.6 The Clerk/RFO provides reports to Council on Community Infrastructure Levy (CIL) matters, including sums received. The Council approved the Annual CIL Report for the year 2022/23 at its meeting on 9 October 2023 for publication on the Council's website and submission to the District Council. The Report for 2023/24 has to be provided to the District Council and published on the Council's website no later than 31 December 2024.

3.7 A Statement of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) 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 2024 in respect of the Unity Trust Bank Current Account £45,777.36 and the Unity Trust Deposit Account £17,196.33 were confirmed by the Internal Auditor and reconciled to the Accounts balance as at 31 March 2024.

**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 4 March 2024 the Council reviewed and approved the Internal Control Statement 2024/25 (Minute C450/23/24c refers).

6.2 The Council has a Risk Assessment Register in place and this 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. The Register was reviewed and approved by the Council at the meetings on 10 July 2023 (Minute C386/23/24i refers) and 11 September 2023 (Minute C395/23/24f refers)

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 Insurance was in place for the year of audit. The policy was approved by the Council at its meeting on 15 May 2023 and is provided by Aviva. It includes Employer's Liability cover and the Public Liability cover, each 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. At the meeting on 15 May 2023 the Council reviewed the Play Areas and approved the remedial works required. Reports are regularly received by the Council on the condition of the play equipment and any faults that need to be addressed.

6.6 The Annual Play Area Inspection was carried out by David Bracey Play Safety Inspections (payment of £420 approved by the Council on 5 February 2024). David Bracey also undertakes monthly play area inspections (payment of £135.00 for 6 inspections was also approved by the Council at its meeting on 5 February 2024).

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

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

Precept 2024/25: £33,000 (9 January 2024, Minute C432/23/24c refers).

7.1 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.

7.2 Similarly, at its meeting on 9 January 2025, the Council considered the 2024/25 Budget and a Precept of £33,000 was agreed. The Precept was agreed in Full Council and 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 2024 the Overall Reserves stood at £62,973.69. The Clerk/RFO is currently examining the list of Earmarked/Restricted Funds. As at 31 March 2024 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 (£29,800), Burial Fees (£350), Memorial fees (£820), VAT reclaim (£15,446.86), Cemetery fees (£1,855) and Bank Interest (£443.55).

8.2 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.

8.3 At its meeting on 15 May 2023 the Council reviewed the Grove Cemetery charges/forms and approved a management change. Updated fees and charges were approved with effect from 1 June 2023. The Council agreed that the Clerk/RFO would manage the cemetery supported by a nominated Councillor.

**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).

10.3 The Clerk/RFO's annual appraisal review was carried out by the Council at the end of the meeting held on 9 October 2023.

10.4 At its meeting on 4 December 2023 the Council noted the 2023/24 national pay award for Local Government Officers, to be back dated to 1 April 2023.

10.5 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 10 July 2023 (Minute C386/23/24h refers).

11.2 The value of Assets is displayed as £288,527 as at 31 March 2024, a net increase of £3,161 from the value of £285,366 as at the end of the previous year, 31 March 2023. The Clerk/RFO confirmed to the Internal Auditor that the necessary reconciliation between the value at the beginning of the year and the value at the end of the year is being prepared.

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 The value as at 31 March 2024 has been correctly placed in Box 9 of Section 2 of the AGAR 2023/24.

**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. Payments are presented to the Council for approval. Councillors are provided with information to enable them to make informed decisions. The Council considered and agreed at its meeting on 10 July 2023 to make regular payments by direct debit.

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 the bank statement to the month-end. Up to date 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 Internal Auditor confirmed that the reports for April and May 2023 were formally signed off at the meeting on 12 June 2023 and the reports for July and August were signed off by the nominated Councillor on 11 September 2023.

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 listed in the Council's Minutes as part of the overall financial control framework. The schedule of invoices authorised by the Council are listed in the Minutes of the Council's meetings in accordance with the Council's approved Financial Regulations item 5.2.

12.5 The Internal Audit report for the previous year (2022/23) was received and noted by the Council at the meeting held on 12 June 2023. **The Report had put forward six recommendations which are listed at Appendix A alongside the progress in addressing the issues raised. The recommendations were considered and approved by the Council at its meeting on 10 July 2023 (Minute C386/23/24d refers)**

12.6 The Council formally appointed the Internal Auditor for the 2023/24 year at its meeting on 4 March 2024 (Minute C450/23/24d refers).

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

13.1 The External Auditors' Report and Certificate for the previous year (2022/23) was dated 4 September 2023 and highlighted the following issues:

*'Section 1, Assertion 2 has been incorrectly completed as the smaller authority did not list payments for authorisation within the minutes as per their Financial Regulations, and a risk assessment was not carried out during the financial year. The correct response should have been 'No'.*

*Section 1, Assertion 5 has been incorrectly completed as a risk assessment was not carried out during the financial year. The correct response should have been 'No'. This is consistent with the Internal Auditor's response to Internal Control Objective C.*

*The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.'*

13.2 The External Auditors' Report and Certificate for the year 2022/23 was noted and approved by the Council at its meeting on 9 October 2023.

### **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 2022/23 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**

**3 May 2024**

**Appendix A is below**

## APPENDIX A

**R1:** *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.*

**Update at 2 May 2024:** This has been addressed. The Agenda and Minutes of Council meetings are published on the Council's website as soon as practicably possible after each meeting.

**R2:** *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.*

**Update at 2 May 2024:** A review of policies and procedures was undertaken at the Council's meeting on 11 September 2023.

**R3:** *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.*

**Update at 2 May 2024:** This has been addressed in the year 2023/24.

**R4:** *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.*

**Update at 2 May 2024:** At its meeting on 10 July 2023 the Council considered and approved monthly inspections by a third party, David Bracey Play Inspections.

**R5:** *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.*

**Update at 2 May 2024:** Overtime is payable to the Clerk/RFO for any additional time dealing with the administration of Cemeteries.

**R6:** *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.*

**Update at 2 May 2024:** The Minutes now include the list of payments approved by the Council.