

## Internal Audit Report for Tuddenham St Mary Parish Council for the period ending 31 March 2023

Clerk	Tina Newell
RFO (if different)	
Chairperson	Cllr. Claire Unwin
Precept	£ 14,310.00
Income	£ 68,707.85
Expenditure	£ 57,535.16 (see comment below)
General reserves	£ 9,499.06
Earmarked reserves	£ 26,650.00
Audit type	Annual
Auditor name	<b>Victoria Waples</b>

### Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- the integrity and reliability of information, accounts, and data

## Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2022/23 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

<b>Section 1 – proper bookkeeping</b>		
The internal auditor will look at the methods and processes used to manage the council’s accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The newly employed Responsible Financial Officer (RFO) has restated the accounts using an excel spreadsheet which has enabled the Clerk to produce reports on a Receipts and Payments basis. The spreadsheet has ensured that the financial transactions of the parish council are as accurate as reasonably practicable.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The RFO has ensured that the cashbook is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system. The cashbook is reconciled on a monthly basis. <i>Comment: Council might wish to consider best practice by ensuring that all payments are referenced within the cashbook with payee as well as detail and the minutes with the “authority to pay” in terms of powers being used to incur expenditure.</i>
<i>Is the arithmetic correct?</i>	Yes	A number of spot checks were carried out and the functionality of the cashbook was found to be in order. <i>Comment: Council is reminded that the year runs from 1<sup>st</sup> April until 31<sup>st</sup> March and that, where Council operates on a receipts and payments basis, the closing bank balance should be the balance at the bank on the last day of the financial year, plus any money received before the end of the year but only banked in the following year less any cheques written before the end of the year but not cleared through the bank until the following year.</i>
<b>Additional comments:</b> See recommendations below under Section 11 – Year end procedures		

<b>Section 2 – Financial Regulation and Standing Orders</b>
The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC’S latest model which include legislative changes.

Evidence		Internal auditor commentary
Have Standing Orders been adopted, up to date and reviewed annually?	No	The Council did not review its Standing Orders during the year under review and those on the website are dated 2016. <b>Recommendation: at the earliest opportunity, Council is advised to adopt the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in 2013 and should adapt them (where they are not statutory requirements) to ensure that they are relevant to the Parish Council.</b>
Are Financial Regulations up to date and reviewed annually?	No	Financial Regulations (FR), as seen on the website show an adoption date of 18 <sup>th</sup> March 2014 and are considered to be out of date and not compliant with current legislation. <b>Recommendation: at the earliest opportunity Council should seek to adopt the NALC Model Financial Regulations from 2019 noting the amendments to procurement levels as outlined under LTN 87 - Procurement – March 2022 as well as the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21st December 2022 and make the changes to the contract value limits from £25,000 to £30,000 for non-central government authorities. The contract value limits are to be calculated inclusive of VAT (effective from 1st January 2022).</b>
Has the Council properly tailored the Financial Regulations?	No	The Financial Regulations are not tailored to the Parish Council as Council has not removed / completed the [ square ] sections and in particular those sections that do not apply to the Council.
Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. The Council's FRs confirms that the Clerk is so appointed.
<b>Additional comments:</b>		

<sup>1</sup> Section 151 Local Government Act 1972 (d)

<b>Section 3 – Payment controls</b>	
<p>The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.</p>	
<b>Evidence</b>	<i>Internal auditor commentary</i>
<p>Is there supporting paperwork for payments with appropriate authorisation?</p>	<p><i>Unclear</i></p> <p>A list of all payments is presented to the meeting with formal approval of such expenditure being shown in the financial statements submitted at each meeting, with evidence of such lists in the files submitted for internal audit. Good practise is also displayed by ensuring that payments made away from the meeting are formally approved as retrospective payments at each relevant meeting.</p> <p>However, the internal auditor is unable to verify if there is supporting paperwork for payments made as items on the list supplied to the RFO as part of the selection of random payments to be cross checked were not provided as the information was not available.</p> <p><b>Recommendation: to enable the Parish Council to be able to show that it is following good practice, there is a requirement for random sampling to enable an opinion to be made as to the manner in which the items are recorded and authorised. Council should be able to demonstrate that it is acting in accordance with Proper Practices. Failure to respond to requests for evidence from the Internal Auditor has resulted in limited opportunity for the auditor to conclude that the financial decisions or payments being made are in accordance with statute and that the Council is not undertaking any decisions or payments that are ultra vires.</b></p>
<p>Where applicable, are internet banking transactions properly recorded and approved?</p>	<p>Yes</p> <p>Internet banking is operated in accordance with the Council’s own Financial Regulations. Council uses the procedure implemented whereby evidence is retained showing which Councillors authorised the release of the payment by having the invoice initialled by the members who authorised the online payment.</p>

		<b>Recommendation: Council should ensure that within its risk assessment, there is evidence that council has considered specific control procedures for payments by bank transfer or other electronic means to ensure that the risks brought about by the ease and speed of such transactions and the difficulties faced in unravelling them should there be errors are mitigated.</b>
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is identified within the cashbook and claimed in accordance with the guidelines for local authorities and similar bodies. The outstanding year-end position of £2,995.07 was seen and verified against entries in the cashbook. A claim for VAT refund in the sum of £3,597.02 was confirmed as having been received by the Council during the year under review.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	N/A	Council does not use the General Power of Competence.
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	Not used	Payments identified in the cashbook as being incurred under this power totalled £1,240.81. <i>Comment: Council is advised that the use of s137 to incur expenditure is a power of last resort and reference should be made to the use of this power when utilised to ensure that it is within statutory guidelines and limits and deemed by the Council to be in the interests of and bring benefit to its area and any of it or all of some of its inhabitants. A review of the payments made under this power have indicated that there are more appropriate powers under which the expenditure could be incurred.</i>
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	Council has no such loans.
<b>Additional comments:</b>		

<sup>2</sup> Localism Act

<sup>3</sup> Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £8.82 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

<b>Section 4 – Risk management</b>		
The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		
<b>Evidence</b>		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	<p>During the year under review, Council formally assessed the risks associated with the functioning of a smaller authority at its meeting of 9<sup>th</sup> May 2022. The documentation provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks.</p> <p><i>Comment: Council has noted that in accordance with proper practices, it needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences. This must be undertaken annually and cover the year under review.</i></p>
<i>Is there evidence that risks are being identified and managed?</i>	Yes	<p>Council is aware that risk assessment needs to focus on the safety of the parish council's assets and in particular its money. There is evidence that, in previous years, the parish council had taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences. The agenda and corresponding minutes demonstrate that Council reviews and takes appropriate action relating to play equipment and risk activities.</p>
<i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee <b>and</b> has been reviewed on an annual basis?</i>	Yes	<p>Council has insurance in place under a specialist policy for local councils with Axa Insurance under a Council Commercial Combined Policy.</p> <p><i>Comment: Council might wish to ensure that its Fidelity Cover is within recommended guidance which states that cover should be equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May.</i></p> <p>During the year, being aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate</p>

		<p>insurance, annual reviews of the Council's insurance were undertaken prior to renewal.</p> <p><i>Comment: Council has ensured that it is able to demonstrate that it has reviewed the risks facing the Council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things).</i></p>
<p><i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i></p>	<p><i>Partly met</i></p>	<p>The Council has not adopted an Internal Control Statement, nor did it review its internal controls during the year under year and there was no minute reference to demonstrate that Council agreed that the controls operated by it were in place and accurately recorded the risks being managed. It is however noted that the risk assessment states the manner in which payments will be made in relation to cheques. The minutes of 3<sup>rd</sup> October 2022 confirm the procedures to be followed for the settling of Council's accounts by internet banking. In the main, Council is operating in accordance with its own Financial Regulations – <b>see payment controls above.</b></p> <p><i>Comment: In accordance with the Accounts and Audit Regulations 2015, Regulation 6, Council should be aware that it should formally review the effectiveness of its system of internal control to ensure that it has mitigation measures in place to address the risks associated with the management of public finances. An Internal Control Statement (model templates are available from SALC) would provide the basis for such an assertion.</i></p>
<p><i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment<sup>5</sup></i></p>	<p>Yes</p>	<p>The formal review of internal audit and its effectiveness was considered and approved by full Council at its meeting of 9<sup>th</sup> May 2022.</p> <p><i>Comment: Council has demonstrated, via a minute reference, that it has complied with Regulation 5 of the Accounts and Audit Regulations 2015 and reviewed the terms of reference and effectiveness for internal audit, thereby demonstrating that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.</i></p>
<p><b>Additional comments:</b></p>		

<sup>4</sup> Accounts and Audit Regulations

<sup>5</sup> Practitioners Guide



<b>Section 5 – Budgetary controls</b>		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
<b>Evidence</b>		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for the year 2022-2023 was reapproved at the Council meeting of 9 <sup>th</sup> May 2022 following amendments to the Clerk’s Salary following the 2022-2023 pay award. The supporting papers indicate that the budget was set at £18,612 to be funded by income in the sum of £14,941.31 with the balance from reserves.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept was set at £14,310 for 2022/2023, as confirmed on the application form for a precept as signed on 25 <sup>th</sup> January 2022. Whilst the form shows that the precept set represented an increase of 18.02% (£13.29) from that which was set in 2021-2022, the minutes do not confirm the actual amount set. <i>Comment: in accordance with guidance, Council might wish to demonstrate best practice by reflecting within the minutes the impact the precept being set will have upon a Band D property, as compared to the previous year.</i>
<i>Regular reporting of expenditure and variances from budget</i>	No	Whilst income and expenditure sheets, including bank reconciliations are submitted at each meeting, there is no minute reference to demonstrate that Council considered variances against budget in accordance with its own Standing Order 17c. <b>Recommendation: in accordance with Proper Practices, Council should understand how the budget is compiled and how it is used in the running of the Council. Reviewing the budget against actual expenditure (at periods set by the council’s own standing orders) provides the Council with an early warning against shortfalls or surpluses and enables it to take proactive measures. (Local Government Finance Act 1992.</b>

<p><i>Reserves held – general and earmarked<sup>6</sup></i></p>	<p>Yes</p>	<p>At year-end Council’s accounts show overall reserves in the sum of £36,149.06. Following discussion with the Clerk it is understood that Council is holding general reserves in the sum of £9,499.06 and earmarked reserves in the sum of £26,650.00. The earmarked reserves are higher than expected due to the monies being held for the refurbishment of the play equipment.  <i>Comment: Council should note guidance as issued by Proper Practices which states that it is regarded as acceptable for a council’s general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves held is in accordance with an adopted General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i>  <b>Recommendation: Council is therefore advised to adopt a General Reserves Policy, review the level of general and earmarked reserves held and provide a justification for the level at which it is currently operating.</b></p>
<p><b>Recommendation: Council is advised to ensure that it follows the recommended key stages as to the budgetary process for the year: decide the form and level of detail of the budget; review the current year budget and spending; determine the cost of spending plans; assess levels of income; bring together spending and income plans; provide for contingencies and consider the need for reserves; approve the budget; confirm the precept or rates and special levies; and review progress against the budget regularly throughout the year.</b></p>		

<p><b>Section 6 – income controls</b>                  The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.</p>		
<p><b>Evidence</b></p>	<p>Internal auditor commentary</p>	
<p><i>Is income properly recorded and promptly banked?</i></p>	<p>Yes</p>	<p>Income is recorded in accordance with Council’s Financial Regulations.</p>

<sup>6</sup> In accordance with proper practices, the generally accepted minimum level of a Smaller Authority’s General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

<i>Is income reported to full council?</i>	Yes	Income received is reported to full Council and included within the Council's Financial Statements as submitted in accordance with Council's own Standing Orders. The RFO ensures that monies received are promptly banked.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The council received precept of £14,310 during the year under review in April and September 2022. Evidence was provided showing the Precept form served on the Charging Authority to receipt of same in the Council's Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?<sup>7</sup></i>	N/A	Council is located in a district which does not operate CIL.
<i>Is CIL income reported to the council?</i>	N/A	
<i>Does unspent CIL income form part of earmarked reserves?</i>	N/A	
<i>Has an annual report been produced?</i>	N/A	
<i>Has it been published on the authority's website?</i>	N/A	
<b>Additional comments:</b>		

<b>Section 7 – petty cash</b>		
The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
<b>Evidence</b>		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	Council does not operate a petty cash system.
<b>Additional comments:</b>		

<sup>7</sup> Community Infrastructure Levy Regulations 2010

<b>Section 8 – Payroll controls</b>		
The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Do all employees have contracts of employment?</i>	Yes	The council had 1 employee on its payroll at the period end of 31 <sup>st</sup> March 2023. It was confirmed that the Clerk has a Contract of Employment.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are authorised by the Council.
<i>Minimum wage paid?</i>	No	The minimum wage was not applied to the employee(s).
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There were suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function is operated in accordance with HM Revenue and Custom guidelines and outsourced. Deductions paid to HM Revenue and Customs during the year under review were made within the required timescales.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	Yes	Evidence was seen to demonstrate that Council is aware of its pension responsibilities and has completed its re-declaration of compliance.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	Settlement of expenses incurred were reviewed and were deemed to be reasonable.  <i>Comment: the adoption of an expense policy will establish the rules under which employees and councillors can claim for legitimate business expenses incurred in the performance of their duties for the Council and ensure that such expenses are treated appropriately for tax purposes.</i>
<b>Additional comments:</b>		

<sup>8</sup> The Pension Regulator – [website click here](#)

<b>Section 9 – Asset control</b>		
The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.		
<b>Evidence</b>		Internal auditor commentary
<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?<sup>9</sup></i>	Yes	The Asset Register was reviewed during the Internal Audit Visit for year-end and reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end on the Draft Statement of Accounts for 31 <sup>st</sup> March 2023 is stated as £43,644 which accurately reflects the value as seen on the register.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2022 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied. Where the purchase price is unknown a proxy price of the value as listed at 31 <sup>st</sup> March 2023 has been used.
<i>Are records of deeds, articles, land registry title number available?</i>	N/A	Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The figures on the Accounting Statements of the AGAR are still to be presented to full Council, but it is confirmed that the asset register contains up to date information based upon newly acquired assets.
<i>Cross checking of insurance cover</i>	<i>Not checked</i>	The Internal Audit was unable to verify that council has insurance under all risks cover for its assets as per the insurance schedules seen as the detailed schedule was not provided for internal audit review.
<b>Additional comments:</b>		

<sup>9</sup> Practitioners Guide

<b>Section 10 – bank reconciliation</b>		
The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.		
<b>Evidence</b>		Internal auditor commentary
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	Evidence was seen showing that bank reconciliations were completed during the year and reconcile with the cash sheets. Overall there is reporting of bank balances within the financial reports submitted at each relevant meeting. <i>Comment: Council is aware that, in accordance with Proper Practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows which aids decision-making, particularly when there are competing priorities.</i>
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances as at year end (31 <sup>st</sup> March 2023), the balance across the councils accounts stood at £36,149.06. <i>Comment: Council should ensure that its bank balance at year-end is that which is stated on the statements as at 31<sup>st</sup> March 2023. Amendments will be needed to the year-end reconciliation as it currently includes a payment made on 5<sup>th</sup> April 2023.</i>
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	The minutes show that bank reconciliations are given within the Financial Reports which are received and accepted at each meeting. <i>Comment: Council has implemented a system whereby an appointed Councillor signs the reviewed bank reconciliation and reports back to Council that this has been undertaken. This is good practice as it not only protects the RFO but also fulfils an internal control function.</i>

<b>Section 11 – year end procedures</b>	
<b>Evidence</b>	Internal auditor commentary

<p><i>Are appropriate accounting procedures used?</i></p>	<p>Yes</p>	<p>Accounts are produced on a receipts and expenditure basis, and the following should be noted:  <b>Recommendation: As the Council operates under Payments and Receipts only payment and receipts made/received in the year to 31<sup>st</sup> March 2023 should be included within the AGAR. As such Box 6 of the AGAR should be reduced by £312, and Box 7 should be adjusted to read £51,063. This will mean that Box 7 will now equal £36,149.</b></p>
<p><i>Financial trail from records to presented accounts</i></p>	<p>No</p>	<p>For the year under review, there is not a full appropriate audit trail from records to presented accounts.</p>
<p><i>Has the appropriate end of year AGAR<sup>10</sup> documents been completed?</i></p>	<p>Yes</p>	<p>As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete the Annual Governance and Accountability Return Form 3. The Annual Governance Statement and Accounting Statements were completed by the RFO and are still to be presented to full Council for approval.  <i>Comment: see above for amendments to the AGAR prior to approval to full Council.</i></p> <p><b>Recommendation: Council is advised to answer in the negative to Assertions 1 and 3 of the Annual Governance Statement - see Section 2, 4 and 5 above with regards to Assertion 3.</b></p> <p><b>As Council has also failed to approve the AGAR for 2022-2023 and publish it before 1<sup>st</sup> July 2023, the date as set out by legislation, Council is advised to answer in the negative to Assertion 1 of Section 1 - Annual Governance Statement for 2023.</b></p>
<p><i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i></p>	<p>Yes</p>	<p>The Parish Council did not have gross income and expenditure exceeding £25,000 and was able to declare itself exempt from a limited assurance review for the year 21/22. The minutes of 11th May 2022 demonstrate that members agreed to certify the Council as exempt from a limited assurance review.  <i>Comment: Council has ensured that there is formal evidence of the legal decision taken to claim exemption under section 9 of the Local Audit (Smaller Authorities) Regulation 2015.</i></p>

<sup>10</sup> Annual Governance & Accountability Return (AGAR)

<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	Yes	The Internal Auditor advises that the period for the exercise of public rights for the year under review was in accordance with Regulation 15 of the Accounts and Audit Regulations 2015. Dates set for the year ending 31 <sup>st</sup> March 2022 were 1 <sup>st</sup> July to 11 <sup>th</sup> August 2022.
<i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i>	No	The Council has not complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 for the year ending 31 <sup>st</sup> March 2022 as it did not publish all of the following on a public website: those in bold were not seen on the website Certificate of Exemption Annual Internal Audit Report Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Notice of the period for the exercise of public rights <b>Analysis of variances</b> <b>Bank reconciliation – year-end</b>
<p><b>Section 12 – internal audit</b>                  The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.</p>		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The Internal Audit Report for the period ending 31 <sup>st</sup> March 2022 was formally considered and adopted at the meeting of 19 <sup>th</sup> September 2022.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	N/A	The following recommendations were raised in the internal audit report for the period ending 31 <sup>st</sup> March 2022: 1. Review of budget to actual on a quarterly basis 2. Review and approval of year end position in asset register to correlate with that on AGAR. <i>Comment: Council should note that the annual internal audit report should inform the Council’s response to Assertion 2 and Assertion 6 of the annual governance statement and that it should minute its review of the report and</i>

<sup>11</sup> Accounts and Audit Regulations 2015



		<i>actions planned from the outcomes of the AGAR tests and content of the narrative report from the Internal Auditor.</i>
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	The minutes of 3 <sup>rd</sup> April 2023 confirm the appointment of Suffolk Association of Local Councils as the Internal Auditor for the year ending 31 <sup>st</sup> March 2023.
<b>Additional comments:</b>		

<b>Section 13 – external audit for the period under review</b>		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?<sup>12</sup></i>	N/A	For the year 2021-2022, the Council was able to declare itself exempt from a limited assurance review.
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	
<b>Additional comments:</b>		

<b>Section 14 – additional information</b>		
The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
<b>Evidence</b>		<i>Internal auditor commentary</i>

<sup>12</sup> Regulation 20 Accounts and Audit Regulations 2015 – *following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.*

<i>Was the annual meeting held in accordance with legislation?</i> <sup>13</sup>	Yes	Council held its Annual Meeting of the Parish Council at which the Chair was elected on 9 <sup>th</sup> May 2022 in accordance with legislation in place at that time.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting and that, in accordance with legislation, loose leaf minutes should be numbered consecutively and signed by the Chair of the meeting on each page. <i>Comment: Council might wish to review the treatment of Draft Minutes as outlined in its Standing Orders and remove the Draft version from the website once they have been approved at the following meeting.</i>
<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the website of West Suffolk Council for the Register of Interests for six Parish Councillors. However access cannot be gained from the Council's website.
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	Council has no such responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	<i>In progress</i>	Councils with income over £25,000 but under £200,00 will be expected (but are not legally required to do so) to follow the Local Government Transparency Code 2015 (turnover exceeding £200,000). <i>Comment: Council might wish to consider working towards ensuring compliance with the requirements under the Transparency Code 2015.</i>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> <sup>15</sup>	Yes	The council is correctly registered with the ICO as a Data Controller in accordance with legislation.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	No	The Clerk has confirmed that Council is aware that it should take steps to ensure compliance with the requirements and has prepared a Draft Data Protection Policy for adoption at a later meeting. <b>Recommendation: to be fully compliant with the General Data Protection Regulation requirements Council should adopt and publish the following policies on their website: Privacy Statement which would detail some or all of the ways the Council gathers, uses, discloses and manages Officer, Councillor and members of the public</b>

<sup>13</sup> The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

<sup>14</sup> Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

<sup>15</sup> Data Protection Act 2018

		<p><b>data; Data Protection Policy which would detail the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party; Data Retention Policy which will detail the periods for which documentation will be held along with the methods of disposal as well as procedures for dealing with subject access; freedom of information requests and procedures for dealing with data breaches.</b></p> <p>Templates are available from the SALC website.</p>
<p><i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i></p>	<p>No</p>	<p>Whilst there is no website accessibility statement that demonstrates that the council has checked the website for any accessibility problems or produced a plan to address these problems and fix them ‘within reason’, there are accessibility tools thereby allowing for the increased functionality of the website</p> <p><b>Recommendation: Council should ensure that at the very minimum it publishes on its website, a Website Accessibility Statement, which has identified the areas which are not accessible and shows that Council has a forward plan so that it can make changes to improve this.</b></p>
<p><i>Does the council have official email addresses for correspondence?<sup>17</sup></i></p>	<p>Yes</p>	<p>Council has a generic email address which is not connected to a personal email account.</p> <p><i>Comment: in accordance with the Practitioners’ Guide, Council might wish to consider the use of a secure e-mail system with a gov.uk address thereby identifying that it has local government status and demonstrating authenticity when building trust and credibility with the public. Such an address would be owned by the parish council (section 5.204-5.207 of the Practitioners’ Guide to Proper Practices – March 2022) refers.</i></p>
<p><i>Is there evidence that electronic files are backed up?</i></p>	<p>Not checked</p>	<p>It is assumed that Council uses a system whereby a back-up of the council’s data is taken and stored appropriately.</p>
<p><i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i></p>	<p>N/A</p>	<p>Council does not operate with a committee system.</p>

<sup>16</sup> Website Accessibility Regulations 2018

<sup>17</sup> Practitioners Guide

**Additional comments:**

*Transparency Code 2015 - To ensure full compliance with the requirements of the Local Government Transparency Code 2015 (turnover exceeding £200,000), the following information should be published in accordance with the required timescales:  
quarterly: Individual items of expenditure that exceed £500 (currently published on an annual basis); Government Procurement Card transactions;  
Invitations to tender for contracts over £5,000; Details of contracts that exceed £5,000;  
annually: Details of all land and building assets; Grants to Voluntary, Community and Social Enterprise Organisations.*

Signed: *V S Waples*

Date of Internal Audit Review: 27.07.23; 01.09.23; 04.09.23 & 12.09.23

Date of Internal Audit Report: 12.09.23

On behalf of Suffolk Association of Local Councils