

Report to Kessingland Parish Council

End-of-Year Internal Audit of the Accounts: Year ending 31 March 2022

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2021/22 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control. Councillors and Officers demonstrate a strong commitment in maintaining a high standard of overall governance and financial administration.

1.2 This End of Year Internal Audit review was completed on 16 June 2022 at the Council's Offices. The review, undertaken on the documentation provided to the Internal Auditor and that published on the Council's website, has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.3 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (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, as constructed by RBS, display the following:

Total Receipts for the year: £147,798.55
Total Payments in the year: £135,784.13
Total Reserves at year-end: £239,528.36

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

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £227,514</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £116,703</i>
<i>Total Other Receipts:</i>	<i>Box 3: £31,096</i>
<i>Staff Costs:</i>	<i>Box 4: £52,304</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £83,481</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £239,528</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £239,528</i>
<i>Total fixed assets:</i>	<i>Box 9: £386,057</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

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

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1.7 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. All documentation was well presented for the Internal Audit review. 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 28 May 2021. The first item of formal business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 As part of its development framework, the Council resolved at its meeting on 8 July 2020 to develop a **Five-Year Plan of Parish Works and Improvements** around which the annual budget could be considered each year. This would be a 'living' document which would be reviewed each year and would be sufficiently flexible to allow for developing situations. The Clerk/RFO advised the Internal Auditor that the Council is continuing to develop the Plan and formal consultation with the local community is due to take place during the Autumn of 2022.

2.3 **Standing Orders** are in place. The latest Model Standing Orders published by the National Association of Local Councils (NALC) were considered and adopted by the Council at its meeting on 28 May 2021 (Minute 10.1 refers).

2.4 **Financial Regulations** are also in place. The latest Model Financial Regulations published by NALC were considered and adopted by the Council at its meeting on 28 May 2021 (Minute 10.2 refers).

2.5 The Council is continuing to apply the **General Power of Competence (GPoC)**. The Council declared at the time of its meeting on 15 May 2019 that it was an eligible Council to use GPoC, having at least two-thirds elected Councillors and a suitably qualified Clerk, and adoption of the Power was agreed (Minute 16 refers). The Power can continue to be used until the next relevant Annual Meeting of the Parish Council (normally following election of the Parish Council).

2.6 As part of its overall governance arrangements, at its meeting on 28 May 2021 the Council agreed the structure and membership of the following Committees for the year 2021/22:

- Leisure & Amenities Committee
- Planning & Highways Committee
- Finance & Governance Committee
- Personnel Committee
- Climate, Culture, Community & Development Committee
- Emergency Planning Committee
- Events & Communications Committee

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2.7 The Council also reviewed and appointed representatives of the Council on other bodies and allocated parish council responsibilities to individual Councillors.

2.8 Delegations to Committees and Officers, approval of signatory delegations and the appointment of bank signatories were agreed at the meeting on 28 May 2021 together with the nomination of Councillor Internal Controllers (Examiners).

2.9 The Council demonstrates good practice by maintaining a standing Governance agenda item at each meeting under which overall governance items are raised and considered by Councillors. Similarly, the standing agenda item of Reports on Council Projects enables Councillors to deliver reports and receive information on current projects and monitor their progress.

2.10 The Council has an appropriate **staffing structure** in place. The Clerk/RFO, Neil Coleby, was appointed as Clerk to the Council in December 2019 and, following the resignation of the then RFO in post, was subsequently appointed as the Council's permanent RFO. At its meeting on 11 March 2020 the Council noted that the Personnel Committee, under delegated powers, had appointed Shelley Hogg as Assistant Parish Clerk with effect from 23 March 2020.

2.11 The Council's staff also include Ruth Hill and Niall McLean (the cleansing operatives) and Paul Reed (the General Factotum). Mr Coleby confirmed that he manages all staff on a day-to-day basis.

2.12 At its meeting on 13 October 2021 the Council approved a recommendation from the Personnel Committee that, following a significant increase in workload, the Council should employ an Apprentice Administration Assistant/Committee Clerk. Ms. Hannah Hocking has recently been appointed into that post. The position of Youth Leader has also been recently filled (at 6 working hours per fortnight).

2.13 The **Minutes of the meetings of the Council and its Committees** are well presented and provide clear evidence of the decisions taken by the Council.

2.14 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 ZA287505, expiring 16 October 2022). The Council demonstrates compliance with the General Data Protection Regulations (GDPR). The Council adopted a GDPR and E-Mail Protocol at its meeting on 8 September 2021 (Minute 70.1 refers) and also has in place a Data Protection Policy, a Data Retention Policy and a General Privacy Policy. The Council's Publication Scheme is displayed on the Council's website.

2.15 The Council demonstrates good practice by adopting and reviewing a wide range of **Policies, Procedures and Protocols**. At its meeting on 28 May 2021 the Council considered a List of Policies and Procedures and agreed adoption. On 13 October 2021 the Council considered and adopted a number of other policy documents relating to the Youth Café (Minute 90.1 refers). The Council's formal policies include a Safeguarding Policy, Equality Policy, Community Engagement Policy and Complaints Procedures, all of which have been published on the Council's website.

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2.16 The Clerk/RFO confirmed that a Schedule of Policies is currently being prepared for a Governance Working Group to review and consider Policies and Procedures in a programmed and evenly structured way throughout each year. This will overcome the Council having to review such a wide range of Policies at one meeting in the year.

2.17 During 2021/22 the Council had in place the Suffolk Local Code of Conduct for Councillors. The Code applies to all Councillors for the purpose of assisting a Local Council to discharge its duty to promote and maintain high standards of conduct within its area. The Council considered and adopted the new LGA National Code of Conduct for councillors on 8 June 2022

2.18 The Council will be aware of the new website accessibility regulations which came into effect from 23 September 2020. It is good practice for local councils to publish a Website Accessibility Statement. The Statement 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 constructing and publishing (or requesting the website host to publish) a Website Accessibility 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.

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 Rialtas Business Solutions (RBS) accounting system was used in the year to produce the Council's Financial Reports and Statements. The financial system is well referenced and overall provides a good audit trail to the supporting documentation. The Council commissioned RBS to prepare the 2021/22 End-of-Year accounts on its behalf, including the AGAR 2021/22.

3.2 The Internal Audit identified that the Tax Base Grant of £1,883 had been included within Box 2 of the AGAR (which should only display the Precept figure) and the Clerk/RFO agreed to arrange for RBS to make the necessary correction prior to the approval of the Annual Return by the Council.

3.3 The Cashbook and Receipts and Payments Account and supporting data completed by the Clerk/RFO with the assistance of RBS were otherwise found to be in good order and well presented.

3.4 The Cashbook is well referenced and provides a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. VAT payments are tracked and identified within the accounting system. A sample of transactions was examined with the supporting invoices/vouchers and was found to be in order.

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Test checks were made on the coding of the VAT element within a range of invoices/accounts and these were also found to be in order.

3.5 The VAT paid by the Council is normally recovered from HMRC on an annual basis. The Clerk/RFO submitted a re-claim for the £8,620.42 VAT paid in the year 2020/21 to HMRC and the amount was received at bank on 9 July 2021.

3.6 The Clerk/RFO provides reports to Finance and Governance Committee and to the Council on Community Infrastructure Levy (CIL) matters, including sums received. The CIL Report 2021/22 is currently in preparation. The Report for the year has to be submitted to the District Council no later than 31 December 2021.

4. 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).

4.1 RBS assisted the Clerk/RFO in the completion of the annual closedown of the accounts for the year 2021/22.

4.2 The End-of-Year accounts are prepared on a Receipts and Payments basis. Following the necessary correction to the coding of the Precept figure and the Tax Base Grant received, the End of Year accounts were found to be in good order. Sample audit trails were undertaken and were found to be in good order.

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

5.1 Bank Reconciliations were regularly completed during the year 2021/22 and presented to Finance and Governance Committee.

5.2 At the meeting of the Finance and Governance Committee on 26 May 2021 it was noted that the Unity Trust bank accounts had been set up, the Barclays Current account had been closed and the balance transferred to the Unity Current Account and that the Precept has been paid into the Unity instant access deposit account.

5.3 The bank statements/investment account balances as at 31 March 2022 are recorded in the accounts as follows:

CCLA Public Sector Deposit Fund:	£50,000.00
Barclays Community (Events) Account (30 March 2022):	£42,508.29
Nationwide Building Society: * Note 1	£88,238.91
Unity Trust (Current Account):	£7,638.35
Unity Trust (Deposit Account):	£51,142.81

The above balances totalled £239,528.36.

* Note 1: The balance of the Building Society Account as at 31 March 2022 was £88,240.14. The £1.26 Interest Credited as at 31 March 2022 had not been entered into the RBS accounting system in the year 2021/22. Otherwise, the statements

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reconciled with the End-of-Year accounts and agreed with the overall bank reconciliation.

5.4 The Clerk/RFO reported to Council on 14 April 2021 that the new bank account with Unity Trust Bank was open and the transfer of funds was due to be processed. Funds were transferred from Barclays Current Account to the Barclays Events Account to provide for any issues arising during the transfer and to ensure that funds in the new account did not exceed the bank guarantee scheme once the 2021/22 Precept was received (Minute 153 refers).

5.5 There are two additional Barclays bank accounts which are under the jurisdiction of the Council viz. the Francis Road Maintenance Account and the Compass Suite Account. The Council has an 'arm's length' relationship with these charitable bodies and neither account forms part of the Council's End-of-Year accounting or banking processes.

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 Internal Controls Statement and Policy, including the Checklist for Councillor Internal Controllers, was adopted by the Council at its meeting on 10 March 2021. The Checklist includes the control tests to be undertaken (normally on a quarterly basis), with the requirement that a written report of any findings is to be submitted to the Council and Minuted as evidence of the action taken. The Internal Control Statement prepared by the Councillor Internal Controller was received and approved by the Council at its meeting on 9 June 2021 (Minute 29.6).

6.2 It is considered that 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.

6.3 The Council has Risk Assessment in place but the document was last approved by the Council at its meeting on 10 March 2021 and accordingly was not separately reviewed in the financial year 2021/22. The Assessment provides a comprehensive analysis of the risks faced by the Council, the level of risk involved, the control measures in place to mitigate the risks identified and any further action required. The Risk Assessment document supports the Internal Control documentation and in future years should be approved alongside the Internal Control Statement to fully evidence compliance with the Accounts and Audit Regulations 2015.

6.4 Insurance was in place for the year of account. At its meeting on 13 October 2021 the Council noted that the Clerk/RFO, with the Chair of Finance and Governance, had under delegated authority renewed the insurance cover with RSA Parish Protect (through Community Action Suffolk (CAS) Insurance) for the second of a 3-year period at a cost of £2,459.12 (Minute 89.4 refers). The period of insurance runs from 1 October 2021 to 30 September 2022.

6.5 The level of Fraud and Dishonesty (Fidelity) cover stands at £250,000, a reduction from the £300,000 cover in the 2020/21 year. The recommended guidelines provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants (a recommended cover of approximately £300,000 as at 31 March 2022).

6.6 At the meeting held on 13 October 2021 the Council noted that the existing insurers were only prepared to renew cover if the level of fidelity guarantee was reduced from £300,000 to £250,000. The Clerk/RFO had discussed the matter with the Chair of Finance and Governance Committee and had agreed to reduce the cover in order to renew the insurance. The Council noted that the reduction in the fidelity insurance cover would leave the council exposed to a possible loss of £50,000 if the Council's entire bank/cash funds were to be misappropriated. However, if the insurance was not renewed (or new insurance had to be organised) the Council could be without public liability or employer's liability and current services (and any planned events) would need to be cancelled. The other key issue used in the decision was the spread of the funds and how complicated it would be to access all the accounts and clear them. The action taken by the Clerk/RFO was approved by the Council (Minute 89.4 refers).

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

Precept 2021/22: £116,703.00 - Council's meeting on 13 January 2021, Minute 97.7.

Precept 2022/23: £139,194.00 - Council's meeting on 12 January 2022, Minute 128.5

7.1 The precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

7.2 The Budget for 2021/22 was initially examined in detail at meetings of the Budget Working Group. The Budget was considered by the Finance and Governance Committee on 16 December 2020. The Full Council gave consideration to the 2021/22 Budget at its meeting on 13 January 2021 and agreed a Precept of £116,703 in order to avoid any increase in the Parish Council's portion of Council Tax for 2021/22.

7.3 The Finance and Governance Committee monitored income and expenditure against the 2021/22 Budget. Any significant issues arising are reported to the Council to secure an integrated approach to budgetary control issues.

7.4 Budgetary procedures for the year 2022/23 were agreed by the Council on 10 November 2021. Committees were asked to consider their budgetary needs and include them within Committee agendas for November 2021. On 12 January 2022, the Council considered and agreed the recommendation from the Finance and Governance Committee to adopt the draft budget for 2022/23 and agreed to set a Precept at £139,194.00 for the year (Minutes 128.4 and 128.5 refer)

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7.5 An amended Reserves Policy was adopted by the Council at its meeting on 12 January 2022 (Minute 129.1 refers). The Policy provides that a General Reserve should be held at least equal to 6 months' net expenditure of the adopted annual budget and should not exceed more than 12 months at any time. There is no upper or lower legal limit to Earmarked Reserves (EMR) within the Policy but EMR must be held for genuine and intended purposes and their level should be subject to regular review and justification and should be separately identified and enumerated.

7.6 The Council's Overall Reserves at 31 March 2022 stood at £239,528.36, of which £151,049.66 were Earmarked and Restricted Reserves.

7.7 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2022 accordingly totalled £88,478.70, which is in line with of the Council's Reserves Policy and the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.32 refers).

7.8 As at 31 March 2022 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 Receipts recorded in the Cashbook were cross referenced with the bank statements on a sample basis and were found to be in order.

8.2 An Allotments Register is being maintained which lists (inter alia) the plots available, the plot holder, the sums due and the amounts paid. The Clerk/RFO confirmed that no allotments debts were outstanding as at the year-end, 31 March 2022.

9. Petty Cash and Bank Card (Associated books, approved system in place).

9.1 As part of this End-of-Year Audit, the Internal Auditor examined the operation of the Petty Cash system in order that the necessary confirmation/assurance could be provided in the Annual Internal Audit Report within the 2021/22 AGAR.

9.2 At the meeting on 12 February 2020 the Council agreed to introduce a Petty Cash system and to provide bank cards for the Clerk/RFO and Assistant Clerk. At the meeting on 13 January 2021 the Council agreed to increase the Petty Cash level from £100 to £250 (Minute 97.8 refers).

9.3 The Council's Financial Regulation item 6.21 documents the controls to be exercised over the Petty Cash Account.

9.4 The initial setting up of the Petty Cash Account was made through a payment of £100 from the bank account (cheque 103543 dated 26 February 2020). The Account has not been identified as a Petty Cash Account by Rialtas in the End of Year Accounts. Accounting practice provides that Petty Cash is normally identified as a

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separate account and the balance of Petty Cash at the year-end is brought into the Bank Reconciliation. The Clerk/RFO advised the Internal Auditor that the Petty Cash Account was operated outside of the RBS accounting system during 2021/22 and was allowed to run to £0 before being replenished. The Clerk/RFO advised that the Petty Cash Account is due to be brought into the RBS system during the year 2022/23).

9.5 The Clerk/RFO informed the Internal Auditor that the Petty Cash book had been mislaid and acknowledges that the Petty Cash system requires regularisation as soon as practicably possible. A Petty Cash Book must be opened to record the opening balance of the Account. All withdrawals of Cash from the Account must be evidenced by an appropriate invoice or voucher. Each entry in the Petty Cash Book must be signed/initialled by the Clerk/RFO who will be responsible for the Petty Cash Book and all monies kept within the Account. Petty Cash vouchers and receipts must be retained for inspection by the Councillor Internal Examiner and the Internal Auditor.

9.6 In addition, each transaction must be entered promptly within the Petty Cash Book Log. Details include the date of the transaction, the purpose, the amount, the balance on the Account and the person responsible for the transaction. All receipts/vouchers should be kept in a folder with the Petty Cash Book and cross referenced in order that there is a clear audit trail. VAT receipts should be obtained, where relevant and possible, and need to be taken into account for any reclaims to HMRC for VAT paid.

9.7 A Petty Cash tin should be kept with the Petty Cash Book Log and retained securely by the Clerk/RFO. Access should be limited to the Clerk/RFO only within a secure (locked) drawer for which the Clerk/RFO holds the key.

9.8 The Clerk/RFO should make regular checks on the balance and recorded transactions, which should be reconciled by the Councillor Internal Examiner. This will include a check on the actual cash kept. The Petty Cash will need to be included in the overall bank reconciliation process. Petty Cash transactions should be reported to Council meetings just as any other items of expenditure.

Recommendation 2: The Council's Petty Cash control arrangements should be regularised as soon as practicably possible, as detailed at items 9.5 to 9.8 above.

9.9 At its meeting on 9 June 2021 the Council noted that the credit card applications for the Clerk/RFO and Assistant Clerk had been submitted to Unity Trust Bank as per a previous Council decision. The maximum spend of each card was agreed at £1,000 per month with single item levels set at £1,000 for the Clerk and £500 for the Assistant Clerk. Both have the ability to withdraw cash (for Petty Cash purposes or where a card payment is not possible) to a maximum of £350 per month. Any money withdrawn would count towards the maximum spend of the month. The cards will be paid off monthly to ensure that there is no interest paid and the statements will be provided to Finance and Governance each month. The Council agreed that the cards were to be reported on the Rialtis accounting system as a separate bank account in order to make reporting and checking more transparent (Minute 29.3 refers).

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

10.1 Payroll Services are administered on behalf of the Council by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements.

10.2 At its meeting on 28 May 2021 the Council reviewed and considered the continuing SALC provision of Payroll Services and confirmed annualised staff salaries and organisation of automatic payment of staff core salaries. The Council considered the SALC provision of payroll services was beneficial as it was a further check in relation to one of the Council's largest budgets and ensured that the Council correctly manages the payments in relation to taxes, NI and pensions. The Council noted that the Clerk/RFO copies in to the Chairs of Finance and Personnel emails to SALC if there are any changes to annualised pay either by overtime, sickness or changes in pay rates so that they are aware and to act as a further check that the correct information is being submitted to SALC. On receipt of the payroll the Clerk/RFO verifies the payroll against the information provided to SALC, and when it matches uploads the payroll to the bank for payment and circulates control sheets and an accounts' copy of the payslip to the Councillor bank signatories.

10.3 PAYE is in operation and payments have been made to HMRC. Detailed payslips are being produced. The P60 End of Year Returns were presented to the Internal Auditor for examination and evidencing the payments made to HMRC.

10.4 The Council agreed on 10 November 2021 to use the power under Financial Regulations item 5.6 to delegate authority for the payment of the standard annualised monthly salaries plus or minus 5% and any approved overtime to the Council's staff to the Clerk/Deputy Clerk, Chair of Finance and Governance and Chair of Personnel Committees together with the Council's Signatories on the basis that the payments will be reported to the next Finance and Governance meeting (the plus or minus 5% would allow for variations in income tax and national insurance).

10.5 The Minutes of the Council's meeting on 15 January 2020 note that Contracts of Employment for key staff were considered and approved together with supporting staff (Minute 15 refers). An up-to-date Contract of Employment is in place for the Clerk/RFO (dated 12 October 2020) and signed by both parties. Similarly, a Contract of Employment is in place for the Assistant Parish Clerk (dated and signed by parties on 23 March 2020).

10.6 At its meeting on 10 June 2020 the Council agreed that all Council staff should be moved onto Suffolk LGA Pay Scales (Minute 13.3 refers). The Council agreed at the meeting on 8 July 2020 that automatic payment of staff wages should be set up via the Council's bank to provide that staff got paid on the 28th of each month unless that falls on a non-banking day in which case it would be paid the working day before (Minute 29.6 refers).

10.7 At its meeting on 9 June 2021 the Council agreed a recommendation from the Personnel Committee that staff who had been carrying out their duties for the council during the pandemic should receive a single point incremental rise on the nationally

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agreed pay scales and that this increase should be backdated to the 1 April 2021 (Minute 41.1 refers).

10.8 At its meeting on 8 September 2021 the Council noted that the Staff Appraisals had been completed by the Personnel Committee (Minute 75.1 refers).

10.9 The Council approved a recommendation from the Personnel Committee to award a one scale point pay increase to one of the cleansing operatives following completion of Legionella Training (the meeting on 13 October 2021, Minute 95.2 refers).

10.10 The Council has agreed the enrolling of staff into the Suffolk County Council Pension Scheme. At its meeting on 14 July 2021 the Council noted that the decision to enrol the staff into the Scheme had not been formally proposed, seconded, adopted and Minuted (as required by the Pensions Regulator) because it had been dealt with alongside other matters. The Council accordingly formally approved the enrolment of Mr Neil Coleby (Clerk/RFO) and Mrs Shelley Hogg (Assistant Clerk) into the SCC Pension Scheme (Minute 54.2 refers).

10.11 With regard to meeting the legislation relating to workplace pensions, the Clerk/RFO confirmed that a re-declaration of compliance under the Pensions Act 2008 has to be submitted to the Pensions Regulator by October 2022. (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 An Asset Register was in place during the year 2021/22 and was reviewed and approved by the Council at its meeting on 28 May 2021 (Minute 17 refers).

11.2 As at 31 March 2022 the Register displayed a value of £386,057, an increase of £44,641 over the value of £341,416 at the end of the previous year. The acquisitions and disposals in the year have been identified in the Register at the year end.

11.3 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, at a nominal/community value.

11.4 The Register includes a column which displays the amount each asset is insured to assist in a comparison between the items and values listed in the Asset Register with those included within the property insured schedules of the Council's Insurance Policy.

11.5 Following a small adjustment completed by the Clerk/RFO regarding acquisitions in the year, the value as at 31 March 2022 displayed in the Asset Register was reconciled to the RBS value listed as at 31 March 2022 and correctly placed in Box 9 of Section 2 of the AGAR.

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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 and informative financial reports to meetings of the Finance and Governance Committee. Councillors are provided with information and data to enable them to make suitably informed decisions. The Committee has standing agenda items for Banking, Accounts and Budget, Payments, Other Financial Updates and Governance. The Clerk/RFO provides reports of banking arrangements, bank balances, bank reconciliations, updates of income/expenditure compared to budget, the authorisation of payments, CIL updates and governance issues in order that the Committee fully meets its Terms of Reference.

12.2 Similarly, the Council receives comprehensive financial reports from the Clerk/RFO and the Finance and Governance Committee, including a Schedule of Payments at each meeting as well as details of Income and Expenditure, bank account balances and Bank Reconciliations.

12.3 Councillor Signatories are formally appointed by the Council. At the meeting on 12 January 2022 the Council approved an increase in the number of Signatories to the council's accounts.

12.4 The Clerk/RFO has documented the procedure to be applied to online payments and provided a copy to the Internal Auditor. The arrangements for electronic payments within the Unity Bank provide that the Clerk/RFO and Assistant Clerk will initiate the payment and two Councillors will authorise the payment electronically. Financial Regulations 6.10 to 6.17 formally detail the procedures to be followed for on-line payments, supported by the Internal Finance Expenditure Procedures document.

12.5 A Finance Control Sheet is completed and attached to each invoice/voucher for payment.

12.6 Some cheque payments are being made by the Council. **It is important that in future all cheque counterfoils are initialled by Cheque Signatories in accordance with the requirements of the Council's Financial Regulations (Item 6.5, under Instructions for the Making of Payments).**

12.7 Details of bank account balances are presented to meetings of the Council. The Schedule of Payments is presented to Council meetings. Payments and receipts are listed in the Minutes of the Finance and Governance Committee as part of the overall financial control framework.

12.8 At its meeting on 9 June 2021 the Council received and accepted the Internal Audit Report for the previous year (2020/21) (Minute 29.5 refers). The Report had put forward three recommendations as follows:

R1: *The Council should ensure that it has registered with the Pensions Regulator and has completed the necessary declaration of compliance under the Pensions Act 2008 as soon as practicably possible. (The Clerk/RFO confirmed that a re-declaration of compliance is due in October 2022).*

R2: *In view of the changes in procedures for on-line banking, Financial Regulations should be reviewed and updated to ensure that they fully reflect the new procedures operating for electronic payments with Unity Bank and the use of Debit/Credit Cards with the Unity Bank. (This has been reviewed by the Clerk/RFO; Financial Regulations were reviewed and approved by the Council on 4 May 2022)*

R3: *The Full Council should each year be advised of the conclusion of the External Audit and be presented with a copy of the External Audit Report and Certificate in order to accept and approve the Report and to formally note any comments made by the External Auditor to assist the Council in future years. (This has been addressed. The 2019/20 External Audit Report and Certificate was presented to the Council on 9 June 2021. The 2020/21 External Audit Report and Certificate was presented to the Council on 13 October 2021).*

12.9 The Council appointed the Internal Auditor for the 2021/22 year of account at its meeting on 28 May 2021 (Minute 11.2f refers).

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

13.1 The External Audit review for the previous year, 2020/21, was undertaken by PKF Littlejohn LLP. The External Auditor's Certificate and Report was dated 31 August 2021. At its meeting on 22 September 2021 the Finance and Governance Committee received the External Audit Report and Certificate, which included a comment that Part 2 of the AGAR Form had been approved before Part 1 (of which PKF Littlejohn had been advised in advance).

13.2 The Full Council received and noted the External Audit Report and Certificate at its meeting on 13 October 2021.

14. Publication Requirements.

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

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

14.2 The Council agreed the dates of 28 June to 9 August 2021 for the exercise of Public Rights at the meeting held on 9 June 2021 (Minute 29.8). The Internal Auditor was able to confirm that the document for the year 2020/21 was readily accessible on the Council's website.

14.3 The Internal Auditor advised the Clerk/RFO that the Notice appears to be an over-write of an earlier pro forma used for the year 2019/20 and refers to the Accounts ending 31 March 2020 at Section 2 (and should have referred to the Accounts for the year ending 31 March 2021). The Clerk/RFO confirmed that in future years the Notice for the period of Public Rights will clearly identify at Section 2 the correct details of the year of account.

14.4 Following the completion of the External Audit the following are required to be published:

Notice of Conclusion of Audit

AGAR - Section 3

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

14.5 The Clerk/RFO reported to Council at the meeting held on 13 October 2021 that the Notice of Conclusion of Audit, AGAR, the Internal Audit Report, External Audit Certificate and Report, the Explanation of Variances, Receipts and Payments Summary, Internal Control Statement and Bank Reconciliation had all been posted on the Council's website (Minute 89.6 refers).

14.6 The Internal Auditor was able to confirm that the documents required to be published were readily accessible on the Council's webpage:

<http://kessingland.onesuffolk.net/parish-council/council-financial-information/>

15. Responsibilities as a Trustee (*Regarding the Council's role and responsibilities under the Charity Acts; submission of returns to Charity Commission*).

15.1 The Council is not a Sole Trustee to a Charity and has made the appropriate entries in the AGAR 2021/22.

16. Additional Comments.

16.1 I would like to record my appreciation to the Clerk/RFO and the Assistant Clerk for their assistance during the course of the audit work and for ensuring that all documents were well presented for the audit review.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

18 June 2022

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