

Report to Great Glemham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2021

1. Introduction and Summary

1.1 The Internal Audit for the year 2020/21 was undertaken during a period of time when many restrictions were still in place following the covid-19 pandemic; there were continuing restrictions on people meeting and working away from home and social distancing was still in place.

1.2 Accordingly, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Caroline Emeny, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. This detailed Audit Report, and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR), were completed accordingly. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in this report in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 The Internal Audit work undertaken confirmed that during the 2020/21 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.

1.4 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's 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. The Council has adopted and maintains a wide range of formal Policies and Procedures which can act as a basis for strong financial management and control.

1.5 The Accounts for the year confirm the following:

Total Receipts for the year: £12,406.67

Total Payments in the year: £11,710.22

Total Reserves at year-end: £19,427.83

1.6 The Annual Governance and Accountability Return (AGAR) was examined. The following figures had been agreed with the Clerk/RFO for entry into Section 2 - Accounting Statements (rounded for purposes of the Return):

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<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £18,731</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £4,945</i>
<i>Total Other Receipts:</i>	<i>Box 3: £7,462</i>
<i>Staff Costs:</i>	<i>Box 4: £3,671</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £8,039</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £19,428</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £19,428</i>
<i>Total fixed assets:</i>	<i>Box 9: £13,795</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.7 Sections One and Two of the AGAR are to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 within the Annual Return.

1.8 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 New Regulations came into force on 4 April 2020 and enabled local councils to hold remote meetings (including by video and telephone conferencing) until May 2021. They also removed the requirement to hold an Annual Meeting. The 2020 Regulations applied to local council meetings, committee and sub-committee meetings. The Council undertook 'virtual' meetings through video/audio conferencing from 20 May 2020, when the Council resolved not to hold an Annual General Meeting in 2020 due to the covid-19 restrictions and post holders agreed to remain in post until May 2021.

2.2 Standing Orders are in place. At its meeting on 9 September 2020 the Council reviewed and approved the Standing Orders, which were in accordance with the model Standing Orders published by the National Association of Local Councils (NALC) in 2018 (Minute 21 refers).

2.3 NALC has since published revised Model Standing Orders (entitled 2018 revised 2020) with amendments at Section 18 (items f and g) to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment should be included at the Council's next review of Standing Orders.

2.4 Financial Regulations are in place. Updated Financial Regulations in line with the model Financial Regulations published by NALC in August 2019 were reviewed and approved by the Council at its meeting on 9 September 2020 (Minute 21 refers).

2.5 NALC has since advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to item 11.1 (c) should be included at the Council's next review of Financial Regulations.

2.6 The Council remained committed in addressing the challenges of the covid-19 pandemic in their support to the local community and in maintaining effective governance arrangements, including maintaining close liaison with the Great Glemham Community Support Group (GGCSG).

2.7 The Minutes of Council meetings are well presented and provide clear evidence of the decisions taken by the Council.

2.8 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 Number Z7456521, expiring 11 March 2022). The Council maintains and reviews a number of formal policies to evidence support of the General Data Protection Regulations (GDPR) including Privacy Notice for Employees and Councillors, General Privacy Policy, Consent Form, Data Protection Policy and Document and Electronic Retention Policy (all reviewed and approved on 9 December 2020) and all of which are published on the Council's website.

2.9 The Council demonstrates good practice through the regular review of its Policies, Procedures and Protocols. During the course of 2020/21 the Council reviewed and approved the Dispensation Policy (20 May 2020), the Complaints Procedure and the Subject Access Request (SAR) Policy (9 September 2020) and the Filming, Videoing, Photography & Audio Recording at Council Meetings Policy, the Protocols for Public Participation in Council Meetings, Freedom of Information Act Policy and Publication Scheme (9 December 2020). All have been published on the Council's website.

2.10 The Council demonstrates good practice by having a standing agenda item and Minutes at each meeting a formal reminder of the obligations of Councillors under the Code of Conduct. At the meeting on 9 September 2020 the Council was advised that the Local Government Association (LGA) had launched a consultation on a new model Code of Conduct for Councillors (Minute 23 refers).

2.11 The Council has published a Website Accessibility Statement In response to the new accessibility regulations that applied from 23 September 2020. The Clerk/RFO confirmed that the Council continues to plan to open a new website. At the time of the internal audit the website <http://greatglemham.onesuffolk.net/> remained in use.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Cashbook Spreadsheet was found to be in order and well referenced. VAT payments are not separately identified within the Cashbook and VAT available for reclaim from HMRC is identified by the Clerk/RFO from the individual invoices. A total of £484.83 was received in the year from HMRC as refund of VAT paid.

3.2 In view of the Internal Audit for 2019/20 being conducted remotely/electronically, the details of supporting vouchers, invoices and receipts were not examined and a sample of the 2020/21 transactions can be undertaken at the next scheduled audit or when circumstances permit.

3.3 Payments made under Section 137 of the Local Government Act 1972 are separately identified. The Internal Auditor advised the Clerk/RFO that some donations to advisory organisations, including those to the Citizens Advice Bureau and the Disability Advice Service, may be made under Section 142 (2A) of the Act without having to resort to Section 137. Whilst not a legislative requirement, some local councils find it good practice to enter against each payment in the Cashbook Spreadsheet the legislative power available to make the payment.

3.4 A Statement of Variances (explaining significant differences in receipts and payments between the years 2019/20 and 2020/21) has been prepared by the Clerk/RFO for publication on the Council's website.

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

4.1 The Council's Risk Assessment and Financial Management document was considered and approved by the Council at its meeting on 20 May 2020 (Minute 19 refers). The document is comprehensive and lists each risk identified on a high, medium or low scale and describes the actions in place to mitigate or manage the risk. A copy has been published on the Council's website.

4.2 A Statement of Internal Controls, which formalises all the internal controls in place within the Council, was reviewed and approved by the Council at its meeting on 20 May 2020 (Minute 19 refers).

4.3 The Council undertook the Annual Review of Internal Controls and again reviewed the Statement of Internal Control at its meeting on 10 February 2021 (Minute 18 refers).

4.4 The Council accordingly complied with the requirements of Section 4 of the Accounts and Audit Regulations 2015 which state that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk, and the Minutes of the Council must formally record that the review has taken place.

4.5 Insurance was in place for the year of account. At its meeting on 9 September 2020 the Council agreed to the payment of £257.49 to Community Action Suffolk (CAS) being the insurance renewal premium as part of a long-term agreement to September 2022 (Minute 22e refers). The cover is provided by Royal and Sun Alliance Insurance. Employer's Liability cover and Public Liability cover each stand at £10m. The Employee Dishonesty (Fidelity Guarantee) cover stands at £25,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

4.6 One of the most important areas of risk management for many local councils relates to the play equipment under their control. At the meeting on 20 May 2020, the Council discussed play area inspections and nominated a Councillor to carry out the necessary checks (Minute 11 refers). An annual RoSPA Inspection was carried out in the year 2020/21 and was reported to the Council at its meeting on 9 December 2020 (Minute 11 refers).

5. Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).

5.1 Great Glemham Parish Council is designated as a 'Smaller Council'. The Council's website is: <http://greatglemham.onesuffolk.net/>

5.2 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. Included within published Minutes of Council meetings*
- b) *Annual Governance Statement: 2019/20 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2019/20 AGAR Annual Return, Section Two. Published on website.*
- d) *Annual Internal Audit report within 2019/20 AGAR Annual Return. Published on website.*
- e) *List of councillor or member responsibilities. Published on website.*
- f) *The details of public land and building assets (Asset Register). Asset Register published on website.*
- g) *Minutes, agendas and meeting papers of formal meetings. Published on website.*

5.3 At the date of this Internal Audit Report the Council was meeting the requirements of the Transparency Code in full.

5.4 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was able to confirm that the official form was published to display the Date of the Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

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

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

Precept 2020/21: £4,945.00 (9 December 2019, Minute 19e refers).

Precept 2019/20: £6,175.00 (9 December 2020, Minute 20 refers).

6.1 The Budget and the Precept for the year 2020/21 were agreed by the Council at its meeting on 9 December 2019 and both the precept decision and amount were clearly Minuted.

6.2 Similarly, the Precept for the year 2021/22 was agreed in Full Council and the precept decision and amount has 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. Councillors have sufficient information to make informed budgetary and precept decisions. Detailed estimates of the annual budget for 2021/22 were prepared and can now be used effectively for financial control and budgetary control purposes during the 2020/21 year.

6.3 The overall Reserves available to the Council at the year-end were £19,427.83, which includes the Solar Farm funds balance at the year-end of £11,166.18. The use of the Solar Farm funds balance is restricted for certain specified purposes. The remaining Earmarked Reserves consist of:

Recycling:	£79.45
K6:	£137.29
Butchers Field:	£1,456.10
Archive:	£447.27
Speed Devices:	£5,000.00
ESC Grant:	£89.03

6.4 At the 31 March 2021 the Council maintained sufficient overall reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur

6.5 The Council noted at its meeting on 20 May 2020 that its General Reserves (Overall Reserves less Earmarked Reserves) were significantly lower than the generally acceptable best practice position. The Council agreed to increase General Reserves steadily over the next 5 years in order to increase the amount available (Minute 19 refers).

6.6 The General Reserves of £1,052.51 as at 31 March 2021 provide a marginal increase over the amount at the end of the previous year but remains significantly lower than the generally accepted best practice position (that non-earmarked revenue reserves should be at least equal to 3 to 12 months of revenue expenditure

in the year or 50% of the Precept). The Clerk/RFO confirmed that the Council continues to plan to increase its General Reserves over the next four years.

7. Income Controls (regarding sums received from Precept, Grants, Loans and other income).

7.1 Receipts recorded in the Cashbook Spreadsheet were cross referenced with the bank statements on a sample basis and were found to be in order.

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

8.1 A Petty Cash system is not in use; an expenses system is in place with on-line payments being made for expenses incurred.

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

9.1 Payroll Services are operated in-house. The Council is registered with HMRC and PAYE is in operation. Detailed pay slips are produced. A copy of the P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor for examination.

9.2 The Clerk/RFO took up her duties in November 2018 and holds a Contract of Employment which was formally signed by the Chairman of the Council and the Clerk/RFO at the meeting of the Council held on 10 December 2018 (Minute 13 refers).

9.3 At its meeting on 12 February 2020, the Personnel Committee considered the Clerk/RFO's salary and agreed to recommend to Council an increase of 3 Scale Points (to SCP22 effective from 1 April 2020). The Committee also agreed to increase the maximum hours of work from 15 hours per month to 17.5 hours per month with immediate effect. The recommendations of the Committee were reported to and agreed by the Council at its meeting on 12 February 2020 (Minute 20 refers).

9.4 At its meeting on 9 September 2020 the Council noted and approved the JNC/NALC national Salary Award for Local Council Clerks, to apply from 1 April 2020 (Minute 25 refers).

9.5 At the Council's meeting on 9 December 2020 the Chair confirmed the award of one Scale Point increment in the Clerk/RFO's salary (to SCP23) and an increase in the working from home allowance, effective from 1 April 2020. This was approved by the Council (Minute 23 refers).

9.6 The Council demonstrates good practice as an employer by maintaining a wide range of Staffing Policies and Procedures including Equality and Diversity Policy, Lone Worker Policy, Health and Safety Policy, Disciplinary Procedure and Disciplinary Rules, all of which have been published on the Council's website.

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

10.1 An Asset Register is in place and was reviewed and approved by the Council at its meeting on 10 February 2021.

10.2 As at 31 March 2021 the Register displayed the value of £13,795. The Register displays assets at purchase price and complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. A copy has been published on the Council's website.

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

11.1 The Clerk/RFO presents financial reports to the Council which include bank reconciliations for the period just ended; these are approved and signed at meetings of the Council.

11.2 The bank statement in respect of the Co-operative Directplus (Current) Account as at 31 March 2021 reconciled with the End of Year Accounts and agreed with the overall Bank Reconciliation.

12. 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*).

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

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

13.1 The Clerk/RFO provides comprehensive financial reports, including bank reconciliations, to Council meetings and Councillors are provided with information to enable them to make informed financial decisions.

13.2 At its meeting on 20 May 2020 the Council received a report from the Clerk/RFO regarding Internet banking. The Clerk/RFO outlined how the Co-Operative Bank offers a dual authorisation process at no cost. Two officials are nominated for online banking. One sets up the payment which then goes into a holding zone. The second official then logs in to authorise the payment. Both have full access to the account to view transactions etc. The Clerk/RFO had already instigated the dispatch of on-line

security tokens following earlier email correspondence and both need activating before online banking can be accessed. The Council agreed that the Clerk/RFO and a nominated Councillor would operate the dual authorisation online banking and, as part of that process, the Clerk/RFO would review the Financial Regulations, draw up a list of regular payments for ratification annually, and review the internal controls (Minute 20f refers).

13.3 At Council's meeting on 9 September 2020 the Clerk/RFO reported that the Internet Banking arrangements were working well. The Schedule of Regular Payments indicating the approximate amounts payable and the payee was approved for signing to facilitate the online payments to be made as an interim measure until February 2021 when a full annual review was due to take place (Minute 21f refers). The Clerk/RFO confirmed that as part of that process the Internal Control document and the Financial Regulations were reviewed and an annual payments register is due to be presented to Council at the meeting in May 2021.

13.4 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

13.5 The Internal Audit for the previous year (2019/20) was received by the Council at its meeting on 20 May 2020. The Internal Auditor's report and recommendations were noted and approved.

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

14.1 An External Audit was not required in the year 2019/20. At its meeting on 20 May 2020 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 19 refers).

14.2 For the year 2020/21 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account.

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.



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**Internal Auditor
14 April 2021**

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