

## Report to Great Glemham Parish Council

### The Internal Audit of the Accounts for the year ending 31 March 2019

#### 1. Summary

1.1 During the 2018/19 year the Council maintained effective governance arrangements and ensured that satisfactory internal financial controls were in place.

1.2 At the meeting of the Council on 9 August 2018 Councillor Nicolas Redman resigned his post as Honorary Clerk/Responsible Financial Officer (RFO). Councillor Redman was succeeded by Mrs Caroline Emeny, who was appointed Clerk/RFO in a paid position to reflect the wide-ranging duties and responsibilities of a current-day Local Council Clerk/RFO.

1.3 By examination of the 2018/19 accounts and supporting documentation it was confirmed that the current Clerk/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 achieved a step-change improvement in the year through the adoption of a wide range of formal Policies and Procedures which can act as a basis for future strong financial management and control.

1.4 The Accounts for the year confirm the following:

*Total Receipts for the year:*     £7,491.01  
*Total Payments in the year:*   £2,823.27  
*Total Reserves at year-end:* £14,743.35

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

<i>Balances at beginning of year (1 April 2018):</i>	<i>Box 1: £10,076</i>
<i>Annual Precept 2018/19:</i>	<i>Box 2: £1,625</i>
<i>Total Other Receipts:</i>	<i>Box 3: £5,866</i>
<i>Staff Costs:</i>	<i>Box 4: £683</i>
<i>Loan interest:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £2,141</i>
<i>Balances carried forward (31 March 2019):</i>	<i>Box 7: £14,743</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £14,743</i>
<i>Total fixed assets:</i>	<i>Box 9: £11,351</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.6 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 2018/19 within the Annual Return.

1.7 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. Comments and any recommendations arising from the review are made below.

#### **2. Proper book-keeping (examination of entries in the Cashbook, regular reconciliation of books and bank statements and supporting vouchers, invoices and receipts)**

2.1 The Cashbook Spreadsheet was found to be in good order and well presented. VAT payments are not separately identified within the Cashbook but such payments tend to be few and VAT available for reclaim from HMRC is identified by the Clerk/RFO from the individual invoices. The Cashbook clearly states the legislation under which each payment has been made.

2.2 The Cashbook Spreadsheet is well referenced and provides a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. These documents provided good evidence in support of the receipts and payments in the year. Supporting vouchers, invoices and receipts were in place.

2.3 There were no payments recorded as being made under Section 137 of the Local Government Act 1972.

**3. Governance, Standing Orders and Financial Regulations (*examination of Standing Orders, Financial Regulations, Tenders where relevant, appropriate payment controls including acting within the legal framework with reference to Council Minutes. Identifying VAT payments and re-claims. Cheque books, paying-in books and other relevant documents*)**

3.1 Standing Orders are in place. At its meeting on 18 February 2019 the Council adopted the latest model Standing Orders published by the National Association of Local Councils (NALC), Minute 9 refers.

3.2. Financial Regulations are similarly in place. At its meeting on 18 February 2019 the Council adopted the latest model Financial Regulations published by the National Association of Local Councils (NALC), Minute 9 refers.

3.3 The Council's Minutes are currently well presented and provide clear evidence of the decisions taken by the Council.

3.4 A refund of the £380.29 VAT was received from HMRC on 17 January 2019 and reported to Council at its meeting on 18 February 2019 (Minute 10.2 refers).

3.5 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 2020). The current Clerk/RFO provided detailed advice to the Council at its meeting on 10 December 2018 regarding the requirements of the General Data Protection Regulations (GDPR) which took effect from 25 May 2018. In order to work towards compliance with the Regulations the Council adopted Privacy Notices and a Consent Form.

3.6 The Council demonstrates good practice by maintaining a wide range of other formal Policies and Procedures, including an Equal Opportunities Policy, Lone Worker Policy, Health & Safety Policy, Filming and Videoing at Council meetings and Protocols for Public Participation at Meetings, all of which were reviewed and adopted by the Council at its meeting on 10 December 2018 (Minute 9 refers) and have been published on the Council's website.

3.7 At the Council's meeting on 18 February 2019 the Council considered and adopted a Disciplinary Policy, Complaints Procedure, Dispensation Policy and a Subject Access Request (SAR) Policy (Minute 9 refers), all of which have been published on the website.

3.8 Councillors are reminded of their obligations under the Suffolk Local Code of Conduct Code under a standing item within the agenda of meetings of the Council.

**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 A comprehensive risk management is in place and was reviewed by the Council at its meeting on 18 February 2019 (Minute 9 refers). A copy has been published on the website.

4.2 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.

**Recommendation 1: Although the Council has a Risk Assessment document in place, it is recommended that the document is supplemented by a separate Statement of Internal Controls which will formalise all the internal controls in place within the Council to demonstrate that a high standard of financial administration is in operation. The Statement should be approved by the Council at least once each financial year.**

4.3 Insurance was in place for the year of audit. At its meeting on 10 December 2018 the Council agreed the renewal premium of £314.36 to Community Action Suffolk (Minute 10.1 refers). Public Liability cover stands 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.

**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/>

Smaller Councils should publish on their website:

- a) All items of expenditure above £100. Currently included within published Minutes of Council meetings.
- b) Annual Governance Statement: 2017/18 AGAR Annual Return Section One. Not published on website.
- c) End-of-Year accounts: 2017/18 AGAR Annual Return, Section Two. Not published on website.
- d) Annual Internal Audit report within 2017/18 AGAR Annual Return. Not published on website.
- e) List of councillor or member responsibilities. Published on website.
- f) The details of public land and building assets (Asset Register). The Council does not own any land or building assets.
- g) Minutes, agendas and meeting papers of formal meetings. Published on website.

5.2 As a result of items b), c) and d) above the Council failed to meet the requirements of the Transparency Code in full during the 2018/19 year of account. The Clerk/RFO has advised the Internal Auditor that the Code will be met in full during the 2019/20 year of account.

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

Precept 2018/19: £1,625.00 (Minute not identified).

Precept 2019/20: £4,945.00 (10 December 2018, Minute 10.3 refers).

6.1 The current Clerk/RFO ensured that the precept for the year 2019/20 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 responsibilities, commitments, forward planning and the need for adequate reserves.

6.2 Budget papers are prepared to ensure Councillors have sufficient information to make informed budgetary and precept decisions.

6.3 Good budgetary procedures are currently in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget for 2019/20 and of receipts and payments. The estimates for 2019/20 can be used effectively for financial control and budgetary control purposes.

6.4 The Reserves available to the Council at the year-end were £14,743, which includes the Solar Farm funds balance at the year-end of £11,036. The use of the Solar Farm funds balance is restricted for certain specified purposes (the reports at the Council's meeting on 15 March 2017 refer). As at the 31 March 2019 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

**7. Income controls**            *(Regarding Precept and other income, including credit control mechanisms)*

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.

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

9.1 Payroll Services are operated in-house. The current Clerk/RFO took up her duties in November 2018 and received a salary payment for the period from November 2018 to February 2019 at the Council's meeting on 18 February 2019. A payment to HMRC in respect of PAYE for that period of time was also approved by the Council (Minute 10.1 refers).

9.2 The current Clerk/RFO 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).

**10. Asset control and valuation** *(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 presented to the Council at its meeting on 18 February 2019. The values listed in the Register were discussed and agreed by the Council (Minute 9 refers).

10.2 As at 31 March 2019 the Register displayed the cost value of £11,351. The value of £13,944 at the end of the previous year, 31 March 2018, had been based on an index linked insurance value and not the actual cost valuation. Accordingly, the comparative figure in the AGAR for the 2017/18 year has been re-stated as £10,972 to ensure that the AGAR entries for asset valuations

comply with the current requirement which provides that each asset should be recorded at a consistent valuation, year-on-year. The Asset Register includes the acquisition of a Lenovo Laptop in the year at a cost of £379.

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

11.1 The bank statement as at 31 March 2019 in respect of the Co-operative Direct Plus (Current) Account reconciled with the End of Year Accounts.

**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 Audit Procedures (*That the Council has satisfactory internal financial controls in place and any previous recommendations implemented*)**

13.1 The Clerk/RFO provides comprehensive financial reports to Council meetings and Councillors are provided with information to enable them to make informed financial decisions. At the meeting held on 18 February 2019 the Council received up-to-date details of the Council's Accounts (Minute 10.4 refers).

13.2 The cheque book counterfoils and paid invoices/vouchers are initialled by cheque signatories. Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

13.3 The Internal Audit for the previous year (2017/18) was undertaken by Mr Hugh Gathorne-Hardy.

13.4 The formal appointment of the Internal Auditor for the 2018/19 year was made by the Council at its meeting on 18 February 2019 (Minute 10.4 refers).

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

14.1 An External Audit was not required in the year 2017/18. At its meeting on 8 May 2018 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 5.3.1 refers).

**15. Additional Comments**

15.1 The Annual Parish Council meeting was held on 11 May 2018, within the required timeframe. The first item of business was the Election of Chairman, in accordance with the Local Government Act 1972.

15.2 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

*Trevor Brown*

**Trevor Brown, CPFA  
Internal Auditor, 14 May 2019**