

Report to Great Glemham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2020

1. Introduction and Summary

1.1 The Internal Audit for the year 2019/20 was undertaken during the period of 'lockdown' following the coronavirus pandemic; at that time travel was severely restricted, social distancing was in place and many Clerks and Councillors were having to self-isolate.

1.2 In view of this unprecedented situation, 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 the reports 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 2019/20 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 2019/20 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: £10,635.15

Total Payments in the year: £6,647.12

Total Reserves at year-end: £18,731.38

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

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|--|-----------------------|
| <i>Balances at beginning of year (1 April 2019):</i> | <i>Box 1: £14,743</i> |
| <i>Annual Precept 2019/20:</i> | <i>Box 2: £4,945</i> |
| <i>Total Other Receipts:</i> | <i>Box 3: £5,690</i> |
| <i>Staff Costs:</i> | <i>Box 4: £3,157</i> |
| <i>Loan interest:</i> | <i>Box 5: nil</i> |
| <i>All Other payments:</i> | <i>Box 6: £3,490</i> |
| <i>Balances carried forward (31 March 2020):</i> | <i>Box 7: £18,731</i> |
| <i>Total cash/short-term investments:</i> | <i>Box 8: £18,731</i> |
| <i>Total fixed assets:</i> | <i>Box 9: £11,351</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 2019/20 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 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).

2.2. Financial Regulations are similarly in place, the Council having reviewed and adopted the Regulations at its meeting on 18 February 2019 (Minute 9 refers). New Model Financial Regulations were published by NALC in August 2019 and the Council may wish to consider adopting the latest model document during the year 2020/21.

2.3 The Council formally re-appointed Mrs Caroline Emeny, the Clerk to the Council, as the Council's Responsible Financial Officer (RFO) at the meeting held on 20 May 2019 (Minute 5.2 refers).

2.4 The Minutes of Council meetings are well presented and provide clear evidence of the decisions taken by the Council. The Clerk/RFO confirmed to Internal Audit that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.5 As part of its overall governance framework the Council maintains a Roles and Responsibilities Statement which is published on the Council's website. The Statement was reviewed and approved by the Council at its meeting on 9 December

2019 (Minute 17a refers). The meeting also confirmed that each Councillor has a copy of The Good Councillor's Guide and training opportunities are available for Councillors (Minutes 17b and 17d refer).

2.6 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 2021). The Council has adopted Privacy Notices and a Consent Form. A Document and Electronic Data Retention Policy was reviewed and adopted by the Council at its meeting on 20 May 2019 (Minute 15.6 refers). At its meeting on 2 September 2019 the Council reviewed and adopted the Data Protection Policy (Minute 12.1 refers).

2.7 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, Disciplinary Policy, Complaints Procedure, Dispensation Policy and a Subject Access Request (SAR) Policy all of which have been published on the Council's website. At its meeting on 2 September 2019 the Council reviewed and adopted the Publication Scheme (Minute 12.1 refers). At the Council's meeting on 12 February 2020 the Council agreed that as all Policies had been constructed less than 18 months previously, they did not require review at that time (Minute 15b refers).

2.8 The Council demonstrated good governance during the year by maintaining a standing agenda item for General Data Protection Regulations (GDPR) and Governance issues.

2.9 Similarly, under a standing item within the agenda of meetings of the Council, Councillors are reminded of their obligations under the Suffolk Local Code of Conduct Code

2.10 At the meeting on 9 December 2019 the Council received an update on the transfer of the Council's website and the new accessibility regulations that apply from September 2020. It was noted that some content on the new site does not comply with the accessibility requirements (Minute 18 refers). 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 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.

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

Clerk/RFO has confirmed to Internal Audit that all payments made in 2019/20 were supported by invoices/vouchers.

3.3 Relatively small amounts of VAT are normally paid each year. A refund for the £106.00 VAT paid in the period 1 December 2018 to 31 December 2019 was received from HMRC on 17 February 2020.

3.4 Payments made under Section 137 of the Local Government Act 1972 are separately identified.

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 Council's website.

4.2 The Statement of Internal Controls, which formalises all the internal controls in place within the Council and demonstrates that a high standard of financial administration is in operation to mitigate the risks identified, was approved by the Council at its meeting on 20 May 2019 (Minute 15.6 refers).

4.3 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.

4.4 Insurance was in place for the year of audit. At its meeting on 2 September 2019 the Council agreed to accept the new Parish Protect Policy offered by Community Action Suffolk (CAS) and the renewal premium of £257.49 was approved (Minutes 13 and 17.1 refer). The 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.

4.5 A RoSPA Inspection was carried out by Playsafety Ltd and was reported to the Council at its meeting on 9 December 2019 (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: 2018/19 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2018/19 AGAR Annual Return, Section Two. Published on website.*
- d) *Annual Internal Audit report within 2018/19 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). The Council does not own any land or building assets.*
- g) *Minutes, agendas and meeting papers of formal meetings. Published on website.*

5.3 The Council is meeting the requirements of the Transparency Code.

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 a form was published on the Council's website and displayed the inspection dates. However, the notice published was the form to be used for notifying PKF Littlejohn LLP, the External Auditors, of the dates of the public inspection. There is an official form specifically designed for publication which the Clerk/RFO has confirmed will be used in future 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.

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

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

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

6.1 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 Similarly, the Budget and Precept for the year 2020/21 was agreed by the Council at its meeting on 9 December 2019 and both the precept decision and amount has been clearly Minuted. 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. The Clerk/RFO presents budget variances to Council meetings. 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 were used effectively for financial control and budgetary control purposes.

6.4 The overall Reserves available to the Council at the year-end were £18,731.38, which includes the Solar Farm funds balance at the year-end of £15,256.61. 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). The remaining Earmarked Reserves consist of:

| | |
|-----------------|-----------|
| War Memorial: | £360.00 |
| Recycling: | £79.45 |
| K6: | £137.29 |
| Butchers Field: | £1,456.10 |
| Archive: | £447.27 |

6.5 Whilst at the 31 March 2020 the Council maintained sufficient reserves and contingency sums overall to meet, within reason, any unforeseen items of expense that may occur, the amount of General Reserves (£994.66) was significantly lower than the generally accepted best practice position of non-earmarked (revenue) reserves, which is at least equal to six months of contractual expenditure.

7. Income Controls (regarding sums received from Precept, Grants, Loans 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 with cheques being made out 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.

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 The inaugural meeting of the Personnel Committee was held on 12 February 2020. The Clerk/RFO's employment was reviewed in line with the contract of employment and job description. The Clerk/RFO's annual appraisal was also completed. The Committee noted that the NJC Scale Points had been renumbered

(Clerk/RFO's SCP 26 amended to SCP19). The Committee 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).

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 presented to the Council at its meeting on 12 February 2020. The items and values listed in the Register were discussed and agreed by the Council; the new noticeboard would be added once finalised (Minute 15a refers).

10.2 As at 31 March 2020 the Register displayed the cost value of £11,351 unchanged from the value at the end of the previous year, 31 March 2019. The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The value as at 31 March 2020 has been correctly entered into Box 9 of the AGAR 2019/20.

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

11.1 The bank statement in respect of the Co-operative Direct Plus (Current) Account 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. The Clerk/RFO presents to Council details of the Accounts including budget variations.

13.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework. In addition, the Clerk/RFO confirmed that:

(a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

(b) invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.

(c) Cheque Book counterfoils are initialled by Cheque Signatories in accordance to the requirements of the Council's Financial Regulations (Item 6, Instructions for the Making of Payments).

These areas were not examined due to the Internal Audit being conducted remotely/electronically but can be test-checked at the next scheduled audit.

13.3 The Internal Audit for the previous year (2018/19) was received by the Council at its meeting on 20 May 2019. The report had recommended that the Risk Assessment document in place should be 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. As noted at item 4.2 above, a Statement of Internal Controls document was reviewed and adopted by the Council at the meeting on 20 May 2019.

13.4 The formal appointment of the Internal Auditor for the 2019/20 year was made by the Council at its meeting on 12 February 2020 (Minute 17e refers).

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

14.1 An External Audit was not required in the year 2018/19. At its meeting on 20 May 2019 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 15.2 refers).

14.2 For the year 2019/20 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 The Annual Parish Council meeting was held on 20 May 2019, within the required timeframe. The first item of business was the Election of Chair, 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, CPFA
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14 May 2020

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