

Internal Audit Report for Brantham Parish Council

for the year ending 31st March 2022

Clerk	Sarah Keys
RFO (if different)	
Chairperson	Alastair McCraw
Precept	£ 48,585.00
Income	£ 60,200.86
Expenditure	£ 84,554.32
General reserves	£ 10,000.00
Earmarked reserves	£109,267.00
Audit type	Annual
Auditor name	Victoria Waples

Introduction

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

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

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

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2020/21 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

Section 1 – proper bookkeeping The internal auditor will look at the methods and processes used to manage the council's accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
Evidence	Internal auditor commentary	
Is the ledger maintained and up to date?	Yes	The council uses an excel spreadsheet to produce reports on a Receipts and Payments basis. The cashbook supplied for internal audit is limited in detail and merely confirms the financial transactions of the parish council at any one point in time over budget headings. The year-end accounts provide overall details of the expenditure incurred. <i>Comment: it is understood that the Council is considering using a package such as Scribe as its cashbook. This will allow the RFO to consider amending the manner in which the accounting records are contained to ensure that the daily entries of receipts and expenditure and the matters to which they relate are well referenced to provide an effective tool for the basis of the council's internal controls.</i>
Is the cash book up to date and regularly verified?	Yes	The Responsible Financial Officer (RFO) has continued to ensure that the cashbook is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system. The cashbook is reconciled on a monthly basis.
Is the arithmetic correct?	Yes	A number of spot checks were carried out and the functionality of the cashbook was found to be in order.
Additional comments:		

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

Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Finance Committee, under delegated powers reviewed the Council's Standing Orders at its meeting of 26 th January 2022, as reported to full Council at its meeting of 9 th February 2022. A copy of the Orders can be found on the Council's website and are based on the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in 2013.
Are Financial Regulations up to date and reviewed annually?	Yes	The Council's Financial Regulations (FR) were reviewed at the same meetings, a copy of which can be found on the Council's website and are based on the Model Standing Orders produced by NALC in 2019 and contain provisions for procuring contracts.
Has the Council properly tailored the Financial Regulations?	<i>Partly met</i>	The Council's Financial Regulations have in part been tailored to the Parish Council. <i>Comment: at the next annual review is advised to ensure that its Regulations are tailored to the Council by completing the sections within the [square] brackets and ensuring that all values are appropriate to the Council in terms of procurement and budgets.</i>
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. This was confirmed by full Council at its meeting 19 th May 2021.
Additional comments:		

Section 3 – Payment controls

The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.

Evidence	Internal auditor commentary
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¹ Section 151 Local Government Act 1972 (d)

Is there supporting paperwork for payments with appropriate authorisation?	Yes	Council ensures that, at each full Council Meeting, a list of all payments due for settlement is presented to the meeting with formal approval of such expenditure being shown in the minutes and evidence of such paperwork in the files submitted for internal audit. Payments made away from the meeting are also brought back to full Council as retrospective payments and approved at the next meeting.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet banking is operated in accordance with the Council's own Financial Regulations and is used for the settlement of the Council's contractual duties in relation to employment of staff. The Internal Control Statement details the procedure to be followed for such payments.
Is VAT correctly identified, recorded, and claimed within time limits?	<i>Partly met</i>	From the cashbook supplied, the internal auditor is unable to carry out a review of the VAT transactions. VAT is not clearly identified in the cash book and the year-end position is not able to be verified. The claim for the period 2 nd February to 27 th September 2021 in the sum of £1,357.59 was seen and verified as being settled during the year under review.
Has the Council adopted the General Power of Competence (GPOC)? ²	Yes	The Internal Audit report for the year ending 31 st March 2021 confirms that the council has confirmed eligibility criteria to enable it to exercise the General Power of Competency and adopted the same at its meeting on 7 th May 2019.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	<i>Not applicable</i>	Council uses the discretionary power to do anything that an individual can do unless specifically prohibited by law.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	<i>Not applicable</i>	Council has no such loans.
Additional comments:		

² Localism Act

³ Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £8.41 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Section 4 – Risk management		
The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		
Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	The risk assessment documentation submitted for Internal Audit provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The Risk Register for the year under review was reviewed and amended by the Finance Committee at its meeting of 26 th January 2022 as reported to full Council at its meeting of 9 th February 2022.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	Council is aware that risk assessment needs to focus on the safety of the parish council's assets and in particular its money. There is evidence that overall the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.
<i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i>	Yes	<p>Council has insurance in place under a Parish Protect for Policy with The Military Mutual which shows core cover for the following: Public liability: £10million; Public/Products Liability: £10million and Fidelity Guarantee of £100thousand. Insurance cover is also in place for the Village Hall and the Club house buildings and contents under separate policies.</p> <p>Recommendation: Council should consider reviewing the Fidelity Guarantee cover, which at £100 thousand is below recommended guidance which provides that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May. It is noted that this is an outstanding audit point from the previous year.</p> <p>An annual review of the Council's insurance was undertaken during the year with Council being aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance. It</p>

		was confirmed at the meeting of the Finance Committee of 22 nd September 2021 that such a review had been undertaken.
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	Council in accordance with the Accounts and Audit Regulations 2015, formally reviewed the effectiveness of its system of internal control to ensure that it has mitigation measures on place to address the risks associated with the management of public finances. The minutes of the Finance Committee of 26 th January 2022 confirmed that such a review was carried out as reported to full Council at its meeting of 9 th February 2022. <i>Comment: Council's internal control measures are contained within its Internal Control Statement and Council is aware that in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, it should conduct each financial year a review of the effectiveness of the system of internal control. This review will be used to inform the council's preparation of its annual governance statement.</i>
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	Yes	The effectiveness of internal audit was reviewed within the Internal Control Statement as adopted by the Council at the meeting of the Finance Committee of 26 th January 2022. <i>Comment: by reviewing the terms of reference and effectiveness for internal audit, the council has followed guidance and demonstrated that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.</i>
Additional comments:		

Section 5 – Budgetary controls

The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed

Evidence	Internal auditor commentary
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⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for the year 2021-2022 was approved at the Finance Committee meeting of 27 th January 2021 (under delegated powers) although there is no confirmation within the minutes as to the final budget figure being set.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept was set at £48,585 for 2021/2022, as confirmed at the above meeting, with the paperwork demonstrating that this was a 2% decrease per Band D property. The meeting also noted the Council Tax Grant to be received from the District Council in the sum of £924.00.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	In accordance with Council's own standing orders and terms of reference, a quarterly statement summarizing the Council's receipts and payments and aggregate receipts and payments for the year to date with balances held is submitted and considered by the Council. The reports provide evidence of comparisons between budgeted and actual income and expenditure and form the basis of approval for virements in accordance with Council's own Financial Regulations.
<i>Reserves held – general and earmarked⁶</i>	Yes	Council's final accounts show general reserves in the sum of £10,000.00 with earmarked reserves in the sum of £109,267.00. <i>Comment: Council might wish to note guidance as issued by Proper Practices which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i>
<p>Additional comments: <i>By following the recommended key stages as to the budgetary process, as well as monitoring actual performance against budget during the year, the Council has demonstrated that it understands and follows best practice and is suitably placed to take corrective action where necessary.</i></p> <p>Recommendation: Council should note that proper practices states that an authority needs to have regard to the need to put in place a General Reserve Policy and have reviewed the level and purpose of all Earmarked Reserves. Council is advised to adopt such a policy as the basis of its budgetary preparations and overall business plan.</p>		

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

Section 6 – income controls		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
Evidence		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	Yes	Income is recorded in accordance with Council's Financial Regulations. A number of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. The RFO has ensured that the accounting records contain all day-to-day entries of all sums of money received.
<i>Is income reported to full council?</i>	Yes	Income received is reported to full Council within the financial reports submitted to full Council.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The council received precept of £48,585 during the year under review in April and September 2021. Evidence was provided showing a full audit trail from Precept being discussed and approved at the meeting of 27 th January 2021, served on the Charging Authority to receipt of same in the Council's Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Yes	Council did not receive any CIL receipts during the year under review.
<i>Is CIL income reported to the council?</i>	Not applicable	There were no CIL payments received during the year under review.
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	The Draft CIL annual report for 2021/2022 shows that there is a retained balance of £11,756.00 which has been transferred into in an Earmarked Reserve specifically allocated, in accordance with the Regulations.
<i>Has an annual report been produced?</i>	Yes	Council has approved the Annual CIL Statement showing retained balances.
<i>Has it been published on the authority's website?</i>	Yes	The Annual CIL Statement for the year 2021 - 2022 has been uploaded onto the Council's website.
Additional comments:		

⁷ Community Infrastructure Levy Regulations 2010

Section 7 – petty cash The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	<i>Not applicable</i>	Petty cash is not operated by the Council.
Additional comments:		

Section 8 – Payroll controls The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. If the Clerk was recruited after 1 st April 201, evidence will be required to show compliance with the new requirements for the statement of employment, Induction, probation periods and training requirements. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
Evidence		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	Yes	Council had 3 employees on its payroll at the period end of 31 st March 2022. Employment contracts were not reviewed during the internal audit.
<i>Has the Council approved salary paid?</i>	Partly met	All salary payments are authorised by the Finance Committee under delegated powers. The minutes of the Finance Committee of 23 rd March 2022 (as reported to the full Council in April 2022) confirm that the committee reviewed the litter picker salaries in light of the increase in the National Minimum Wage and agreed that the Litter Picker salaries should be increased to £10ph. The Committee had also reviewed the Clerk's salary and agreed the backdated National pay award of 1.5% and agreed that the Clerk should move to SCP 25. <i>Comment: upon a review of the terms of reference of the Finance Committee it is noted that whilst they have the authority to approve payments on the Council's behalf either made already or in advance of payment, there is no delegated responsibility to approve amendments to any employee's pay,</i>

		<i>emoluments, or terms and conditions of employment without the prior consent of the [council] – Financial Regulation (FR) 7.3. Such amendments should either be brought back to full Council as a recommendation from the Finance Committee or delegated authority be given to the Finance Committee and FR 7.3 and the terms of reference be so amended.</i>
<i>Minimum wage paid?</i>	Yes	The minimum wage is applied to two employees.
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines and outsourced to Suffolk Association of Local Councils. Cross-checks were completed on three payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the year under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Yes	Council is aware of its pension responsibilities and payments are made in accordance with timescales agreed with the Council's Pension Provider. <i>Comment: Council should note that every three years an employer must put certain staff back into a pension scheme. This is known as 're-enrolment'. This is an employer's legal duty and Council's must let the Pension Regulator know when they have completed the task by completing and submitting a re-declaration of compliance. If the Council last carried out its re-enrolment duties in 2019, it should ensure that it is aware of its re-enrolment duties and comply with the deadlines as stated in communications from the Pension Regulator.</i>
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Partly met	Upon a review of the employment costs as shown under Box 4 it is noted that the RFO has included costs associated with the payroll function. Council is reminded of the changes in the Practitioners Guide for 2020 on the treatment of what can be included as employment expenses within the Annual Governance and Accountability Guide 2020 - section 2.16 refers and submitted within Box 4 of the AGAR.

⁸ The Pension Regulator – [website click here](#)

		<p>Recommendation: the RFO will need to revisit the Accounting Statements and remove the sum of £230 (rounded) from Box 4 and transfer it to Box 6. There will also need to be a corresponding correction to the prior year's figures.</p> <p>Upon a review of expenses made by the Council it is noted that the council contributes a fixed monthly sum to the Clerk for the use of their personal mobile phone on Council business.</p> <p><i>Comment: Council should be aware that where an employee uses their own phone and the council only reimburses the monthly phone tariff, then they must deduct and pay Class 1 National Insurance and PAYE tax through payroll on this payment. There are no additional reporting requirements such as the completion of P11ds. Council is advised to check its Tax, National Insurance and reporting obligations in this regard.</i></p>
Additional comments:		
<p>Section 9 – Asset control</p> <p>The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.</p>		
Evidence		Internal auditor commentary
<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i>	Yes	The Asset Register was reviewed during the Internal Audit Visit for year-end and reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end (31.03.2022) is £572,732.02.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2021 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied

⁹ Practitioners Guide

		and if/where amended, it will need to publish and provide explanations in changes in value to any previously recorded assets
<i>Are records of deeds, articles, land registry title number available?</i>	Yes	Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	Whilst the asset register is still to be off by the council, the Finance Committee at its meeting of 26 th January 2022, reviewed and adopted the register in the sum of £572,732.02 reflecting items that have been purchased from the Council's revenue budget or disposed of. The value of £572,732 is that which is declared as the Council's Assets on the Accounting Statements of the AGAR which are due to be signed off by the Council at a later meeting.
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under a Parish Protect Policy for all risks cover for its assets to the value of £100,000.
Additional comments:		

Section 10 – bank reconciliation The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.		
Evidence		Internal auditor commentary
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the financial reports submitted at each meeting.
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with period end statements and, as at year end (31 st March 2022) the balance across the councils accounts stood at £119,266.83 as recorded in the Draft Statement of Accounts and on the Year-end Bank Reconciliation.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Balances across the Council's accounts are reported at each meeting of full Council. In accordance with Council's Internal Control Statement, a Councillor is appointed to have responsibility for bank reconciliation checks.
Additional comments:		

Section 11 – year end procedures		
Evidence		Internal auditor commentary
Are appropriate accounting procedures used?	Yes	Accounts are produced on a receipts and expenditure basis, and all were found to be in order.
Financial trail from records to presented accounts	Yes	There is a full audit trail from records to presented accounts.
Has the appropriate end of year AGAR ¹⁰ documents been completed?	Yes	<p>As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete Part 3 of the AGAR. Section 2 - Accounting Statements of the AGAR were completed but unsigned by the RFO at the time of Internal Audit.</p> <p>Recommendation: corrections will be required to the Draft Accounting Statements as identified under Section 8 above. Box 4 should only contain expenditure or payments made to an on behalf of all employees which should only include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments. Any amendments to prior year figures should have the words “Restated” written.</p>
Did the Council meet the exemption criteria and correctly declared itself exempt?	Not applicable	As the Parish Council had gross income and expenditure exceeding £25,000 it was not able to declare itself exempt from a limited assurance review.
During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?	No	<p>Whilst the Internal Auditor is able to confirm that the parish council set the dates for the exercise of public rights as required by the 2015 Regulations as being 1st July to 11th August July 2021, it is noted that this period commenced prior to the date upon which the Council approved the Annual Governance Statements and Accounting Statements on 14th July 2021.</p> <p>Recommendation: as instructed by the external auditor, the Council will need to answer in the negative to Assertion 4 of the Annual</p>

¹⁰ Annual Governance & Accountability Return (AGAR)

		Governance Statement and ensure that the dates sets for 2022-2023 (covering the period ending 31st March 2022) commence at least one working day prior to the date set on the notice of public rights and publication of unaudited AGAR.
<i>Have the publication requirements been met in accordance with the Regulations?</i> ¹¹	Yes	The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 but not exceeding £6.5 million for the year ending 31 March 2021 and published the following on a public website: Internal Audit Report of the AGAR Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Section 3 – External Audit Report and Certificate. Notice of the period for the exercise of public rights Notice of the conclusion of audit
Additional comments:		

Section 12 – internal audit The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	In accordance with Proper Practices, the Finance Committee, under delegated authority considered the internal audit report for the year ending 31 st March 2021 at its meeting of 23 rd June 2021 with the Committee agreeing a formal response to the recommendations and/or comments raised by the internal auditor.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Partly met	The following recommendation were raised within the Internal Audit ending 31 st March 2021: 1. Review of level of Fidelity Guarantee 2. Receipt and consideration of external audit should be by full Council

¹¹ Accounts and Audit Regulations 2015

<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	SALC were appointed as the Council's internal auditors for the year ending 31 st March 2022 by the Finance Committee at its meeting of 22 nd September 2021 which was reported to full Council at the meeting of 6 th October 2021.
Additional comments:		

Section 13 – external audit for the period under review The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		Internal auditor commentary
<i>Has the Council considered the previous external audit report?¹²</i>	Yes	At the meeting of full Council of 6 th October 2021, Council considered the report from the External Auditor for the year ending 31 st March 2021.
<i>Has appropriate action been taken regarding the comments raised?</i>	Yes	<p>Whilst there were no matters which come to the attention of the external auditor which have cause for concern that relevant legislation and regulatory requirements had not been met, the following comments were made by the external auditor "The smaller authority failed to approve the AGAR in time to publish it before 1 July 2021, the date required by the Accounts and Audit Regulations 2015 and did not disclose this by answering 'No' to Section 1, Box 1."</p> <p>Other matters which they drew to the attention of the authority are as follows: "We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2021/22 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23. In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to significant weaknesses in</p>

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

		<p>relation to the maintenance of asset and investment registers. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.</p> <p>The smaller authority should ensure that it has regard to the level of reserves held when considering future precept requests. Any earmarked reserves should be considered and formally approved by the smaller authority.</p> <p>The smaller authority has not provided: an adequate explanation for the variance between the prior and current year values in Box 6 of Section 2.”</p> <p><i>Comment: Council has taken / will be taking action to address the weaknesses so identified in the internal audit report and noted by the external auditor.</i></p>
Additional comments		

Section 14 – additional information The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
Evidence		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> ¹³ <i>(Note to auditor- emergency Regulations because of the COVID-19 pandemic)</i> ¹⁴	Yes	Council held its Annual Meeting of the Parish Council at which the Chair and other Officers were elected on 19 th May 2021 in accordance with legislation in place at that time. In accordance with the repeal of the Coronavirus Act 2020 legislation, all meetings held after 7 th May 2021 were held in person.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁵	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.
<i>Is there a list of members’ interests held?</i>	Yes	Evidence was seen on the District Authority’s website the Register of Interests for all current Parish Councillors.

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

¹⁴ The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

¹⁵ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		<i>Comment: Council might wish to note that, whilst the monitoring officer of the District Council must arrange for the parish council's register of members' interests to be available for inspection in the district which must be published on the district council's website, where the parish council has its own website, its register of members' interests must also be published on that website. (Openness and transparency on personal interests - A guide for councillors – August 2012).</i>
<i>Does the Council have any Trustee responsibilities ??</i>	<i>None held</i>	Council does not have any Trustee Responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	<i>Partly met</i>	Councils with income over £25,000 but under £200,00 will be expected (but are not legally required to do so) to follow the Local Government Transparency Code 2015 (turnover exceeding £200,000). Council is working towards ensuring compliance with the requirements under the Transparency Code 2015 for those items that are relevant to the Council.
<i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁶</i>	<i>Yes</i>	The council is correctly registered with the ICO as a Data Controller in accordance with legislation. Reference: ZA422381 Expiry 4 th June 2023.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	<i>Yes</i>	<p>Whilst Council has taken further steps during the year under review to ensure that there is a reference to GDPR within the Council's Risk Assessment Documentation, it is recommended that further action be taken to ensure compliancy.</p> <p>Recommendation: Council should consider adopting specific policies that will provide details as to the written procedures in place for dealing with data breaches and subject access requests. Council might also wish to review its Document Retention Policy as adopted on 1 March 2017 to ensure that it is compatible with the provisions of the GDPR.</p>
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁷</i>	<i>Partly met</i>	Whilst Council has accessibility tools on its website thereby allowing for the increased functionality of the council's website, there is still no website accessibility statement on the Council operated website detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard

¹⁶ Data Protection Act 2018

¹⁷ Website Accessibility Regulations 2018

		under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.
<i>Does the council have official email addresses for correspondence?¹⁸</i>	Yes	Council has its own email address which is owned by the parish council and not connected to a personal email account. <i>Comment: Council might wish to consider guidance issued over the use of a secure e-mail system with a gov.uk address which would be owned by the parish council (section 5.16 of the Practitioners' Guide to Proper Practices – March 2021 refers).</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council has in place a system whereby back-up of the council's data is taken and stored.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	The terms of reference for the Council's Committees were confirmed by full Council at its meeting of 19 th May 2021 and are available to view on the Council's website.
<p>Additional comments: <i>Local Government Transparency Code 2015 - to ensure full compliance with the requirements of the Local Government Transparency Code 2015 (for Council whose gross annual income or expenditure (whichever is the higher) exceeds £200,000), Council might wish to note that its website should be updated with the following information in accordance with the required timescales:</i> <i>quarterly: Individual items of expenditure that exceed £500; Government Procurement Card transactions; Invitations to tender for contracts over £5,000; Details of contracts that exceed £5,000;</i> <i>annually: Details of all land and building assets; Grants to Voluntary, Community and Social Enterprise Organisations; Organisation Chart.</i></p> <p><i>Website Accessibility: As The Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018 are now in force, Council should ensure that at the very minimum it publishes on its website, a Website Accessibility Statement, which has identified the areas which are not accessible and shows that Council has a forward plan so that it can make changes to improve this.</i></p>		

Signed: V S Waples

Date of Internal Audit Visit: 29.05.2022 & 04.06.2022

Date of Internal Audit Report: 04.06.2022

On behalf of Suffolk Association of Local Councils

¹⁸ Practitioners Guide