

Report to Buxhall Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2024

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2023/24 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.

1.2 By examination of the 2023/24 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 and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £20,402.89
Total Payments in the year: £62,515.62
Total Reserves at year-end: £66,878.60 (of which £62,033.67 are Earmarked Reserves and £2,055.48 are CIL Restricted Reserves).

1.4 A Draft Annual Governance and Accountability Return (AGAR) has been completed by the Clerk/RFO and the following figures included in Section 2 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £108,991</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £6,763</i>
<i>Total Other Receipts:</i>	<i>Box 3: £13,640</i>
<i>Staff Costs:</i>	<i>Box 4: £3,442</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £59,074</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £66,878</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £66,878</i>
<i>Total fixed assets:</i>	<i>Box 9: £116,260</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.5 Sections One and Two of the AGAR are to be approved at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2023/24 within the AGAR.

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

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).

2.1 The Annual Parish Council meeting took place on 15 May 2023. The first item of Parish Council business was the Election of a Chairman, as required by the Local Government Act 1972. Councillors were also appointed to key 'officer' positions in the Council and nominated to act as Council representatives on outside bodies.

2.2 Standing Orders are in place. The Council reviewed and re-adopted the Standing Orders at the meeting on 18 March 2024. The Standing Orders are in accordance with the latest model documents and guidance published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 Financial Regulations (FR) are also in place and regularly reviewed. At the meeting on 12 February 2024 the Council agreed to amend the FR to reflect changes in procurement thresholds. A copy of the Regulations has been published on the Council's website.

2.4 The Council has a Staffing Committee in place; membership of the Staffing Committee consists of all Council Members.

2.5 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year.

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 ZA125286 refers, expiring 27 July 2024).

2.7 To assist compliance with the General Data Protection Regulations (GDPR) the Council has a number of Policies in place including the Data Protection Policy, Document and Electronic Data Retention Policy, Lawful Basis for Processing Data Policy and the Subject Access Request Policy and Procedures.

2.9 The Council has a Model Publication Scheme and Guide to the Publication Scheme to support meeting the Freedom of Information Act and has published the documents on the Council's website.

2.10 The Council demonstrates good practice by maintaining a wide range of formal Policies and Procedures in addition to Data Protection and Freedom of Information documents. At its meeting on 18 March 2024 the Council confirmed the adoption or re-adoption of the following policies and procedures:

Accessibility Statement, Complaints, Co-option, Disciplinary, Electronic Communication, Equality statement, Equal Opportunities, Expenses, Grievance, Health and Safety, Internet Banking, Investment, Meeting attendance, PAT testing, Reserves, Safeguarding, Sickness and Absence, Volunteer and Grant Draw Down.

A copy of the Council's Policies and Procedures can be seen on the Council's webpage of: <http://buxhall.onesuffolk.net/governance/policies-and-procedures/>

2.11 At the meeting on 15 May 2023 all Councillors agreed to re-adopt the Local Government Association (LGA) Model Councillor Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.12 The Council demonstrates good practice by publishing a Website Accessibility Statement in accordance with the website accessibility regulations. The Statement includes technical information about this website's accessibility.

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

3.1 The Cashbook Spreadsheet is very well referenced and facilitates an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of transactions was examined with the supporting invoices and found to be in order.

3.2 Payments made under the Local Government Act 1972 Section 137 in the year of account were separately recorded.

3.3 VAT payments are tracked and identified within the End-of-Year Accounts. Re-claims for the amounts of VAT paid are regularly submitted to HMRC and reports made to Council regarding both submission of the reclaim and the receipt of the reimbursed sums. A refund of £8,366.43 VAT paid in the period 1 April 2023 to 31 October 2023 was received from HMRC on 14 November 2023 and reported to Council on 15 January 2024. The Clerk/RFO confirmed that a re-claim of £1,001.75 for the VAT paid for the period 1 November 2023 to 31 March 2024 was submitted to HMRC on 11 April 2024.

3.4 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2024 shows £2,055.48 brought forward at the end of previous year (31 March 2023), CIL receipts of £0 in the year with £0 spent in the year. The balance of £2,055.48 is accordingly displayed as retained as at 31 March 2024. The Annual Report has been published on the Council's website and has to be submitted to the District Council no later than 31 December 2024.

3.5 A Statement of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) is being prepared by the Clerk/RFO for submission to the External Auditors and for publication on the Council's website.

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

4.1 Bank reconciliations are regularly presented to the Council by the Clerk/RFO and recorded in the Minutes of the Council meetings. A nominated non-bank signatory Councillor verifies the monthly bank reconciliations with the action taken evidenced in the Minutes of the Council meetings.

4.2 At its meeting on 13 March 2023 the Council agreed to open a new account with Unity Trust Bank with a transfer of £50,000 to be made from the Barclays Business Premium account to the Unity Trust Bank account. On 3 July 2023 the Council noted that an initial cheque payment of £500 had been made from the Barclays Community account to the Unity Trust Bank to open the Unity Trust Bank account; the later transfer via internet banking was for £50,000 resulting in a balance of £500 more than originally agreed. The Council agreed to the additional £500 remaining in the account.

4.3 The bank statements for the Unity Trust Account (£51,696.42), the Barclays Business Community Account (£13,565.98) and the Barclays Business Premium Saving Account (£1,616.20) as at 31 March 2024 reconciled with the End-of-Year accounts and Bank Reconciliation for all accounts.

5. 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*).

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

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

6.1 At the meetings on 3 July 2023 and 18 March 2024 the Council resolved to re-adopt the risk assessments for Allotments, Clerk, Financial, Lone Worker, Playingfield and Vehicle Activated Sign, noting that they are working documents and updates may be recommended during the year. A copy of each has been published on the Council's website.

6.2 On 18 March 2024 the Council received and approved the review of the Council's Internal Controls by the nominated Councillor (Minute 180324/26). The Council agreed that a sound system of internal control was being maintained.

6.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

6.4 One of the most significant risks for many smaller local councils relates to play equipment. At its meeting on 6 November 2023 the Council noted that the RoSPA standard Annual Play Inspection would take place in early 2024. On 18 March 2024 the Council received the Annual Play Inspection report by the Play Inspection Company following a visit to the play area on 25 January 2024. The Council noted that the identified risks were low or very low on all the play equipment.

6.5 Routine visual inspections are made of the play equipment and reports made to the Clerk/RFO and reported to Council meetings.

6.6 Insurance was in place for the year of account. At its meeting on 4 September 2023 the Council noted insurance renewal was due on 1 October 2023 and resolved that a nominated Councillor and the Clerk/RFO be given delegated authorisation to renew the insurance. At the meeting on 6 November 2023 the Council noted that insurance has been renewed with Business Services at Community Action Suffolk (CAS) at a cost of £464.35. The cover gives Fidelity Guarantee cover of £100,000 and municipal infrastructure £92,362. Councillors agreed that the cover was sufficient and suitable and in line with the bank reconciliation and asset register.

6.7 The Fidelity Guarantee cover of £100,000 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. The Employer's Liability cover and Public Liability cover under the policy each stand at £10m.

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

Precept 2023/24: £6,763.01 (16 January 2023, Minute 160123/41 refers).

Precept 2024/25: £7,161.86 (15 January 2024, Minute 150124/38 refers).

7.1 The Clerk/RFO presented Draft Budgets for 2023/24 to the Council at its meeting on 14 November 2022 and included detailed estimates of the annual budget and of receipts and payments. The Final Budget and Precept for the year 2023/24 were agreed at the meeting on 16 January 2023.

7.2 The Clerk/RFO presented a first draft budget for 2024/25 at the meeting of the Council on 6 November 2023. The final budget and precept were considered and agreed by the Council on 15 January 2024.

7.3 The precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

7.4 Good budgetary procedures are in place. During the year 2023/24 the Clerk/RFO provided the Council with comprehensive reports of actual spending against the

budget. The Council formally Minuted its acceptance of the figures. The estimates for 2023/24 were used effectively for financial control and budgetary control purposes.

7.5 Similarly, the Clerk/RFO provided the Council with details of the Reserves held (General, Earmarked and Restricted) to ensure that Councillors were fully appraised on the amounts applied to each project identified.

7.6 A Reserves Policy is in place and was re-adopted by the Council on 18 March 2024. The Policy provides that *'the level of financial (general) reserves held by BPC will be agreed by full Council but will not be less than 50% nor greater than 100% of the annual precepted figure i.e. to fully cover approximately 6-12 months of contracted expenditure'*.

7.6 The Overall Reserves available to the Council at the year-end 31 March 2024 were £66,878.60, of which £62,033.67 are Earmarked and £2,055.48 are CIL Restricted Reserves.

7.7 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) of £2,789.45 (39% or 4.5 months equivalent of the 2024/25 Precept) are in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the JPAG Proper Practices Guide, Item 5.33 refers).

7.8 As at the 31 March 2024, the Council maintained sufficient overall reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

8.1 Receipts are reported to the Council by the Clerk/RFO and recorded in the Minutes of Council meetings. The Receipts recorded in the Cashbook Spreadsheet consisted of Precept (£6,763.01), MSDC/Locality (£3,000.00), Allotment Rents (£400.00), Interest (£1,388.55), VAT reclaims (£8,632.39) and Miscellaneous Income (£218.94).

8.2 Allotment Rents are regularly reviewed by the Council. At its meeting on 3 July 2023 the Council agreed that the charge of £20 per allotment plot would be retained for the year commencing 11 October 2023 (Minute 030723/48 refers).

8.3 The Clerk/RFO provided regular reports on allotment rent income in the year. The Clerk/RFO confirmed that an Allotments Register is maintained which continues to ensure that the correct and full amount of income is being received each year in respect of Allotment Rents.

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

9.1 No Petty Cash is held. An expenses system is in place with on-line banking payments being made during the year for expenses incurred.

10. Publication Requirements and the Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).

10.1 Under the provisions of the Transparency Code, Buxhall Parish Council can be designated as a 'Smaller Council'.

10.2 The Council's website is: <http://www.buxhall.onesuffolk.net/finance/>

10.3 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
[Detailed in published Minutes on the website](#)
- b) Annual Governance Statement, AGAR, Section One:
[2022/23 document published on website](#)
- c) End of year accounts, AGAR, Section Two:
[2022/23 document published on website](#)
- d) Annual Internal Audit report within AGAR:
[2022/23 document published on website](#)
- e) List of councillor or member responsibilities:
[Published on the website](#)
- f) Details of public land and building assets (Asset Register):
[Published on the website](#)
- g) Minutes, agendas and meeting papers of formal meetings:
[Published on the website](#)

10.4 The Council is complying with the requirements of the Transparency Code.

10.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required 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 Notice was identified as easily accessible on the Council's website.

10.6 The Council agreed the dates for the Period for the Exercise of Public Rights at its meeting on 15 May 2023 (Minute 150523/40 refers) setting the dates as 5 June 2023 to 14 July 2023.

10.7 The Certificate of Exemption was completed on 15 May 2023 and was accordingly completed within the due date of 30 June 2023 as set by Regulation.

10.8 The 2022/23 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 identified as easily accessible on the Council's website.

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

11.1 The Council is registered with HMRC and the Payroll is operated in-house in accordance with HMRC regulations. Detailed pay slips are produced. The P60 End of Year Certificate for the Clerk/RFO was made available to the Internal Auditor for examination.

11.2 At its meeting on 6 November 2023 the Council agreed to increase the Clerk/RFO's salary to SCP 21 following a recommendation from the Staffing Committee. The contractual hours of work are 4 hours per week. In addition, a working from home allowance is being paid to the Clerk/RFO.

11.3 With regard to the legislation relating to workplace pensions, the Clerk/RFO confirmed to the Council on 13 March 2022 that a re-declaration of compliance had been submitted to the Pensions Regulator in accordance with the Pensions Act 2008. (The re-declaration of compliance confirms to The Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

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

12.1 A comprehensive Asset Register is in place and is regularly reviewed and approved by the Council.

12.2 The Register records the original purchase cost, where known and a nominal/community value where appropriate.

12.3 The Register displays a valuation of £116,259 as at 31 March 2024, a net increase of £9,298 over the value of £106,962 at the end of the previous year, 31 March 2023 and reflects (inter alia) the addition of Safety Surfacing (£4,420) and Westcotec Speed Indicator Device (£4,474). The Register meets the current requirements which provide that each asset should be displayed at a consistent value, year-on-year.

12.4 The value of Assets as at 31 March 2024 has been correctly placed in Box 9 of Section 2 of the AGAR.

12.5 The Clerk/RFO has compared the items included in the Asset Register with the insurance cover. The Asset Register includes a column that lists the insurance cover for each relevant asset and identifies, for insurance valuation purposes, any asset that is low in value or not at risk.

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. Identifying VAT payments and re-claims. Any previous audit recommendations implemented).

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides the Council with Finance Reports which are considered and approved by the Council at each meeting. Bank balances are routinely reported to Councillors, who are provided with information to enable them to make informed decisions.

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

13.3 Electronic payments are being made by means of Internet Banking. A Schedule of Payments is circulated by the Clerk/RFO to Councillors prior to Council meetings to enable the Council to approve the payments to be paid by internet banking through the approved authorising processes (the Clerk/RFO to initiate the payment and a Councillor to authorise on-line).

13.4 The Council's Internet Banking Policy was reviewed and agreed by the Council on 18 March 2024 and provides that:

a) All orders for payment will be verified for accuracy by the Parish Clerk and included on a payment schedule.

b) The schedule of all payments shall be prepared by the Clerk/RFO and presented to each meeting of the Council together with any supporting invoices or other documentation for approval. The approved schedule will be initialled by the Chairman of the meeting.

c) The Clerk/RFO will initiate payment.

d) One of the authorised Councillors will confirm the payments online (from the list of authorised Councillors held by Barclays Bank). Councillors are expected to authorise payments requests within two days of the payment being initiated by the Clerk/RFO.

e) Regarding Inter-Account Transfers, the transfers between the Barclays Current and Savings Account can only be carried out by written instruction to the bank and as such should always be agreed and Minuted at a Parish Council meeting.

13.5 The Clerk/RFO confirmed that the above procedure continued to be in place, A sample of on-line transactions were examined and found to be in order.

13.6 The Internal Audit report for the previous year (2022/23) was received and accepted by the Council at its meeting on 15 May 2023. No matters of concern had been raised in the Report.

13.7 The Council received the Internal Audit Plan for the year 2023/24 at its meeting on 15 January 2024 and formally appointed the Internal Auditor for the year (Minutes 150124/39 - 41 refer).

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

14.1 An External Audit was not required for the year 2022/23. The Council applied 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. The date of the completion of the Exemption Certificate application was 15 May 2023. The Council noted at its meeting on 3 July 2023 that PKF Littlejohn had confirmed receipt of the notification of exempt status for year ended 31 March 2023.

14.2 For the year 2023/24 the Council will receive a Limited Assurance Review by the External Auditors, PKF Littlejohn, as the higher of gross income or gross expenditure exceeded £25,000 in the year of account.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk/RFO for her assistance during the course of the audit work.



Trevor Brown, CPFA

Internal Auditor

23 April 2024