

Report to Levington and Stratton Hall Parish Council

End of Year Internal Audit Review 2023/24

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2023/24 year the Council maintained effective governance arrangements which included measures for the operation 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 Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced 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: £12,316.03
Total Payments in the year: £14,136,20
Total Reserves at year-end: £26,881.77

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

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £28,701</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £9,200</i>
<i>Total Other Receipts:</i>	<i>Box 3: £3,116</i>
<i>Staff Costs:</i>	<i>Box 4: £5,839</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £8,297</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £26,881</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £26,881</i>
<i>Total fixed assets:</i>	<i>Box 9: £15,650</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR were approved by the Council at its meeting on 20 May 2024 and have been signed by the RFO and Chairman.

1.6 The Internal Auditor has completed the Annual Internal Audit Report 2023/24 within the AGAR.

1.7 All documents were very well presented by the Clerk/RFO for the Internal Audit Review. The following Internal Audit work was carried out on the adequacy of systems of internal control. 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 23 May 2023. The first formal item of Parish Council business was the Election of a Chairman, as required by the Local Government Act 1972.

2.2 The Membership for the Council's Planning Committee, Finance Advisory Group, Representative Bodies and External Engagement was approved by the Council at its meeting on 23 May 2023. The Clerk, Mrs Angie Bugg, was re-affirmed as the Council's Responsible Financial Officer (Minute 45.23 refers) and cheque signatories confirmed (Minute 48.23 refers).

2.3 Standing Orders are in place and are based upon the Model Standing Orders published by the National Association of Local Council (NALC). The Council gave formal approval to the Standing Orders at its meeting on 4 March 2024.

2.4 Financial Regulations are in place and were considered and approved by the Council on 4 March 2024.

2.5 At the meeting on 23 May 2023 the Council adopted the General Power of Competence (GPoC). It was confirmed that the Council met the eligibility criteria (viz. that councillors elected at the last ordinary election exceeded two thirds of its total number of councillors and that the Clerk holds the CiLCA qualification). The GPoC will remain in place until the annual meeting following the ordinary election in May 2027.

2.6 The Council has adopted a Mission Statement to assist in providing direction and focus to the Council's development pathway. The Council considered and agreed the Mission Statement at its meeting on 4 March 2024.

2.7 The Council demonstrated good practice in terms of community engagement in 2023/24 and made progress in working towards a 4-year Plan of Action. In October 2023 the Parish Council launched a consultation with a number of residents to capture their views with the aim of shaping the 4-year Plan for the period of this Parish Council term.

The Parish Council held an informal meeting in January 2024 when four categories were used to classify each response viz.

- First Priority (items that are already open with the Parish Council).
- Second Priority – items within the responsibility or significant influence of the Parish Council, not presently open.

- Administration – items considered beyond the responsibilities or significant influence of the Parish Council, for example relating to private land or to responsibilities held by other Council bodies, resolved by the Parish Council writing to the relevant person or body to inform them of the survey and the comment.
- No action required.

At its meeting on 15 January 2024 the Council agreed to adopt the findings of the consultation.

2.8 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA065556, expiring 12 August 2024). The Registration details on the ICO's webpage <https://ico.org.uk/ESDWebPages/Entry/ZAO65556> continues to display an out-of-date the contact address for the Council as 11 Red House Walk, Levington, Ipswich, Suffolk IP10 0LY. The Clerk/RFO confirmed that the ICO does have the correct address on all correspondence but has not updated its website despite repeated requests.

2.9 The Council has adopted a range of Data Protection Policies and Procedures to evidence the Council's compliance with the General Data Protection Regulations (GDPR). These include a Data Governance Policy, a Personal Data Assessment Matrix, a Privacy Policy, a Data Breach Log and a General Data Protection Awareness Checklist for Councillors.

Whilst some of the Council's key Policies and Procedures are published on the Council's website, it is important that the Council's approved Policies relating to Data Protection and Freedom of Information are published to ensure that the public (and local residents in particular) are informed of the policies regarding the use of personal data and the freedom to access that data.

2.10 The Council maintains a standing item at each meeting for the Code of Practice and Declaration of Interest issues to be considered.

2.11 At its meeting on 4 March 2024 the Council re-adopted the Local Government Association (LGA) Code of Conduct. The Council demonstrates good practice by periodically reviewing and re-adopting the Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor.

2.12 The Minutes of the Council's meetings are well presented and provide clear evidence of the decisions taken by the Council. Each page of the numbered Minutes on file were signed/initialled by the Chairman of the meeting at which the Minutes were approved, to ensure that a lawful and authentic record is maintained.

2.13 The Council demonstrates good practice by facilitating appropriate training for Councillors. At the meeting on 23 May 2023 the Council noted that Parish Councillors have been offered on-line training with SALC and most councillors have already booked. The Council offered to meet the cost of new councillor training as well as training for the Chairman and Vice-Chairman (Minute 53-23 refers).

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 has been well constructed; it is comprehensive and well referenced and facilitates an audit trail to the Bank Statements, the Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. Payments are sub-analysed over specific headings and VAT transactions are tracked and separately identified to assist future reclaims to HMRC.

3.2 An overall Summary Receipts and Payments Account as at 31 March 2024 has been constructed by the Clerk/RFO from the Spreadsheet to itemise the types of receipts and payments and provides a comparison to the receipts and payments for the previous year.

3.3 The Internal Auditor examined the Receipts and Payments Account approved by the Council on 20 May 2024 and the Expenditure Analysis within the Spreadsheet. Some minor amendments were completed by the Clerk/RFO following which all was found to be in order. Sample testing was undertaken to confirm that entries agreed with the bank statements and supporting invoices/vouchers.

3.4 The most recent re-claim to HMRC for VAT paid was the amount of £218.14 VAT paid in the period 1 April 2019 to 31 March 2022 which was received at bank on 15 June 2022.

3.5 A Statement of Explanation of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) has been prepared by the Clerk/RFO for publication on the Council's website.

4. 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*).

4.1 End-of-Year accounts are prepared on a Receipts and Payments basis; sample checks were undertaken on the documents constructed by the Clerk/RFO and all was found to be in order.

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

5.1 Bank balances are reported by the Clerk/RFO to each meeting of the Council.

5.2 At the meeting on 4 March 2024 it was reported to the Council that research had been undertaken into alternative banking facility providers. The Council resolved to change bank accounts to NatWest Bank. As at 31 March 2024 Barclays Bank remained the Council's bankers.

5.3 The Bank Statements as at 31 March 2024 for the Barclays Community Account (£20,084.83) and the Barclays Business Premium (Savings) Account (£8,724.43) reconciled with the End-of-Year accounts and agreed with the overall Bank

Reconciliation for all accounts after taking into account unrepresented cheques totalling £1,927.49 at the year-end.

The Unrepresented cheque 101142 for £20 is dated 1 June 2022 and is now out-of-date and can be written back into the accounts as a deduction from Payments in accordance with accounting practice for the treatment of written-back cheques.

6. Transparency Code (Compliance for smaller councils with income/expenditure under £25,000) and Publication Requirements (Notice of the period for the exercise of public rights).

6.1 Under the provisions of the Transparency Code, Levington and Stratton Hall Parish Council can be designated as a 'Smaller Council'.

The Council's website is: <http://levingtonandstrattonhall.onesuffolk.net>

6.2 Smaller authorities should publish on their website:

- a) *All items of expenditure above £100. Included in the Minutes of Council meetings.*
- b) *Annual Governance Statement 2022/23 AGAR Annual Return Section One. Published on the website.*
- c) *End-of-Year accounts 2022/23 AGAR Annual Return, Section Two. Published on the website.*
- d) *Annual Internal Audit report 2022/23 within AGAR Annual Return. Published on the website.*
- e) *List of councillor or member responsibilities. Published on the website.*
- f) *The 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.*

6.3 The Transparency Code is being complied with in full.

6.4 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 Internal Auditor was able to confirm that the document for the year 2022/23 was readily accessible on the Council's website and displayed the Date of Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

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

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

Precept 2023/24: £9,200 (18 January 2023, Minute 05.23d refers).

Precept 2024/25: £12,500 (27 November 2023, Minute 96.23f refers).

7.1 The Council noted on 2 November 2022 that the Finance Working Group had considered the proposed budget for 2023/24 and had suggested a Precept. The Council agreed to determine the Budget and Precept at its meeting on 18 January 2023 so that the precept request could be submitted to East Suffolk Council by the deadline of the 31 January 2023. A meeting of the Finance Advisory Group was to meet early in January 2023 to finalise its recommendation to Full Council.

7.2 At the meeting on 18 January 2023 the Council considered and approved the Budget and Precept for 2023/24 and agreed that a Precept of £9,200 would be applied in the year 2023/24. The Precept decision and amount have been clearly Minuted.

7.3 The Budget document for 2023/24 was detailed and acted as a sound basis for the Council to undertake budgetary control and scrutiny during the year of account.

7.4 At its meeting on 27 November 2023 the Council received the Half-Year Accounts to 30 September 2023 which were examined and accepted by the Council (Minute 96.23d refers). The Council demonstrates good financial practice in this way by receiving reports of the income and expenditure in the year compared with the budget headings. This enables the Council to promptly identify any significant variations from budget and take remedial action as necessary.

7.5 The Council considered and approved at its meeting on 27 November 2023 the Budget and Precept for 2024/25. It was agreed that a Precept of £12,500 would be applied in the year 2024/25. The Precept decision and amount have been clearly Minuted.

7.6 The Council is currently maintaining sufficient Reserves and Contingency sums to meet, within reason, any unforeseen items of expense that may occur. As at the 31 March 2024 the Council's Overall Reserves totalled £26,881.77, which included the following £23,000 Earmarked Reserves:

- £15,000 relating to Solar Farm Funds which will be used for future projects.
- £5,000 earmarked on 6 July 2022 for Speed restraining and traffic calming measures
- £3,000.00 earmarked on 6 July 2022 for Signal Booster for the Village Hall

7.7 The General Reserves (Overall Reserves less Solar Farm Funds/Earmarked Reserves) accordingly stood at £3,881.77 (31 % or 3.7 months equivalent of the 2024/25 Precept) and is in line with 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).

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

8.1 Mrs Angie Buggs was appointed by the Council to the position of Clerk/RFO with effect from 1 January 2020. A Contract of Employment between the Council and Mrs Buggs was agreed and signed on 14 December 2019. The Contract records Mrs Buggs's commencement date of employment and that the working hours would remain (on average) at a maximum 8 hours per week at a starting salary commensurate with Mrs Buggs holding the CiLCA qualification.

8.2 Payroll Services are outsourced to the Suffolk Association of Local Councils (SALC) which is administering the payroll on the Council's behalf in accordance with HMRC requirements. PAYE is in operation, and detailed payslips are provided.

8.3 At its meeting on 27 November 2023 the Council noted that the NJC for Local Government Officers had agreed a pay increase effective from 1 April 2023. The Council approved the new pay scales and the increase in the Clerk/RFO's salary, backdated to 1 April 2023 (Minute 96.23g refers).

8.4 With regard to the legislation relating to workplace pensions, the Clerk/RFO confirmed that a re-declaration of compliance under the Pensions Act 2008 was submitted to the Pensions Regulator on 2 November 2023. (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).

9. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).

9.1 The Clerk/RFO has constructed Statements detailing the income received in the 2023/24 year of account. As at the year-end 31 March 2024 the Council had received the following: Precept payment from the District Council (£9,200), ESC Warm Rooms (£2,514), Enabling Budget (£500) and bank interest in the Business Premium (Savings) Account (£102.03). The entries in the Spreadsheet were confirmed to the bank statements on a sample basis.

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

10.1 No Petty Cash is held. Any expenses incurred are reimbursed by cheque payments.

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

11.1 The Council reviewed its Risk Management arrangements at its meeting on 4 March 2024 (Minute 23.24a refers) as part of the Council's overall review of Policies and Procedures. The risk assessment displays the area of risk, the risks identified

within those areas, the level of risk (H, M or L) and the internal control measures in place to control/mitigate the risks and the review actions required to take place.

11.2 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require 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 Minute that the review has taken place.

11.3 The Council considered the insurance renewal through Gallagher Insurance at its meeting on 4 September 2023. The 2023/24 Insurance Policy is for the year 1 October 2023 to 30 September 2024 and is provided by Hiscox Insurance. Payment of the renewal premium of £460.37 was agreed by the Council at the meeting (Minute 83.23 refers).

11.4 The insurance policy for the period ending 30 September 2024 includes Employer's Liability cover and Public Liability cover, each at £10m. The Fidelity Guarantee (Employee/Councillor Dishonesty) cover stands at £150,000, which is in line with 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.

12. 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).

12.1 The Council receives detailed Financial Reports at its meetings. The Reports include details of Payments made since the previous meeting and any Payments requiring approval. The Financial Reports also include details of Income received since the previous meeting, any anticipated Income and Bank Balances held. The details are recorded in the Council's Minutes. Cheque counterfoils are initialled by signatories as required under the Council's Financial Regulations item 6.5. Paid invoices/vouchers for payment are signed and dated by signatories as part of the overall framework of financial control being maintained.

12.2 A well-constructed Spreadsheet is being utilised by the Clerk/RFO to maintain the Council's Receipts and Payments accounting system and this provides the necessary financial control over each transaction. A sample of transactions were examined with the supporting invoices/vouchers and bank statements and found to be in order.

12.3 The End-of-Year Internal Audit Report for the 2022/23 year was dated 11 June 2023 and was received and considered by the Council on 3 July 2023. The Report raised no matters of concern.

12.4 The Internal Auditor for the year 2023/24 was formally appointed by the Council at its meeting on 4 March 2024.

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

13.1 A comprehensive Asset Register is in place and includes a description of each asset, the location, the value at cost, the year of acquisition with explanatory notes and comments.

13.2 The Council received the Asset Register at its meeting on 4 March 2024. As at 31 March 2024 the Asset Register displayed a total value of £15,650, unchanged from the value as at the end of the previous year, 31 March 2023. The assets are displayed at original purchase cost or, in appropriate cases, at a nominal (community) value of £1.

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

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

14.1 An External Audit was not required in the year 2022/23. At its meeting on 23 May 2023 the Council approved the completion of a Certificate of Exemption from a Limited Assurance Review for that year of account. A copy of the form has been published on the Council's website. At the Council's meeting on 4 September 2023 the Clerk/RFO reported that the Council had received from the External Auditors, PKF Littlejohn LLP, formal notification of its exemption status for the year ended 31 March 2023.

14.2 For the year 2023/24 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. The Certificate of Exemption was approved by the Council at its meeting 20 May 2024.

15. Additional Comments.

15.1 I would like to record my appreciation to Mrs Angie Buggs, the Clerk/RFO, for her assistance during the course of this audit work and for the careful presentation of the Council's documents for the audit.



Trevor Brown, CPFA

Internal Auditor

19 June 2024