

## **Report to Levington and Stratton Hall Parish Council**

### **End of Year Internal Audit Review 2022/23**

#### **1. Introduction and Summary.**

1.1 The Internal Audit work undertaken confirmed that during the 2022/23 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 2022/23 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 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: £15,108.47*  
*Total Payments in the year: £17,390.53*  
*Total Reserves at year-end: £28,701.94*

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 2022):</i>	<i>Box 1: £30,936</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £8,740</i>
<i>Total Other Receipts:</i>	<i>Box 3: £6,368</i>
<i>Staff Costs:</i>	<i>Box 4: £5,457</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £11,886</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £28,701</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £28,701</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 23 May 2023 and have been signed by the RFO and Chairman.

1.6 The Internal Auditor has completed the Annual Internal Audit Report 2022/23 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 the 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 The Annual Parish Council meeting took place on 4 May 2022. 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, Working Parties and Representative Bodies was approved by the Council at its meeting on 4 May 2022. The Clerk, Mrs Angie Bugg, was re-affirmed as the Council's Responsible Financial Officer (Minute 45.22 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 1 March 2023.

2.4 Financial Regulations are in place and are similarly based on the NALC model Financial Regulations. The Council considered and approved the Financial Regulations on 1 March 2023.

2.5 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 1 March 2023.

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 ZA065556, expiring 12 August 2023). The Registration details on the ICO's webpage <https://ico.org.uk/ESDWebPages/Entry/ZA065556> 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 their website despite repeated requests and that it is the ICO website which is out of date, not the information they hold.

2.7 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.

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

2.9 At its meeting on 4 May 2022 the Council noted that the Local Government Association (LGA) had approved a new Code of Conduct with the aim that it is to be adopted by all levels of local government which effectively makes it a national code. Parish Councils had been strongly recommended to adopt the Code by the Suffolk Association of Local Councils (SALC). Prior to the meeting a copy of the new code had been circulated to all Councillors. The Council agreed to adopt the new code (Minute 52.22 refers). The Code was reviewed and approved by the Council at its meeting on 1 March 2023.

2.10 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. The Clerk/RFO confirmed to the Internal Auditor that the Minutes of the meeting held on 2 November 2022 will shortly be signed/initialled.

2.11 At its meeting on 7 September 2022 the Council considered public access to Parish Council Agenda Reports and agreed the policies to be applied (Minute 97.22 refers).

2.12 The Council's website, hosted by OneSuffolk, was in need of improvement to ensure that it is user friendly and sufficiently flexible to meet all the publication requirements of the Council. At its meeting on 7 September 2022 the Council received a report from the Website Working Group regarding development of the Council's website. The Council agreed modular, phased implementation of the improved website, the timeline for implementation and that the webmaster role/responsibility is to be undertaken by the Clerk/RFO. The Council agreed the costings as presented and allocated a budget (Minute 96.22 refers). Phase 1 of the development which is the Parish Council module of the website was completed in January 2023 (<http://levingtonandstrattonhall.onesuffolk.net/>). Phase 2, which is Planning, is in the process of development.

### **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. Payments made under Section 137 of the Local Government Act 1972 are being separately recorded, as required, and notated in the Minutes under the approved expenditure (Poppy Wreath at meeting on 7 September 2022).

3.2 An overall Summary Receipts and Payments Account as at 31 March 2023 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 Expenditure Analysis within the Spreadsheet and undertook sample testing to confirm that entries agreed with the bank statements and supporting invoices/vouchers.

3.4 The re-claim to HMRC for the amount of £218.14 VAT paid in the period 1 April 2019 to 31 March 2022 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 2021/22 and 2022/23) 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 The Clerk/RFO has constructed a Bank Reconciliation as at 31 March 2023 which the Internal Auditor confirmed as correct. As recommended in the previous Internal Audit, the out-of-date cheque 101071 has been removed from the Council's Accounts at the year end 31 March 2023.

**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 2021/22 AGAR Annual Return Section One. Published on the website.*
- c) *End-of-Year accounts 2021/22 AGAR Annual Return, Section Two. Published on the website.*
- d) *Annual Internal Audit report 2021/22 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 2021/22 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 2022/23: £8,740 (19 January 2022, Minute 05.22d refers).

Precept 2023/24: £9,200.00 (18 January 2023, Minute 05.23d refers).

7.1 At the meeting on 19 January 2022 the Council considered and approved the Budget and Precept for 2022/23 and agreed that a Precept of £8,740 would be applied in the year 2022/23. The Precept decision and amount have been clearly Minuted.

7.2 The Budget document for 2022/23 was detailed and acted as a sound basis for the Council to undertake budgetary control and scrutiny during the year of account.

7.3 At its meeting on 2 November 2022 the Council received the Half-Year Accounts to 30 September 2022 which were examined and accepted by the Council (Minute 113.22d 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.

7.4 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 of £9,700.00. The Council agreed to determine the Budget and Precept at its meeting on 18 January 2023 so that the precept request can 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.

7.5 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. A detailed and informative budget for the year 2023/24 was constructed for consideration by Councillors.

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 2023 the Council's Overall Reserves totalled £28,701.94, which included the following:

£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 £5,701.94 as at 31 March 2023 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 (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 18 January 2023 the Council noted that the NJC for Local Government Officers had agreed a pay increase effective from 1 April 2022. The Council approved the new pay scales (Minute 05.23 e refers).

8.4 With regard to the legislation relating to workplace pensions, a re-declaration of compliance under the Pensions Act 2008 was submitted to the Pensions Regulator on 23 August 2020. (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 a Statement detailing the income received in the 2022/23 year of account. As at the year-end 31 March 2023 the Council had received the following: Precept payment from the District Council (£8,740), VAT refund from HMRC (£218.14), Locality Budget (£450), ESC Warm Rooms (£2,860), Enabling Budget (£500), Queen's Jubilee Donations (£883.41), Defibrillator Donation (£1,439)

and bank interest in the Business Premium (Savings) Account (£17.92). 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 1 March 2023 (Minute 28.23a refers) as part of the Council's overall review of Policies and Procedures, which include an approved Internal Control Statement.

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 7 September 2022. The Council holds an Insurance Policy with the Ecclesiastical Insurance Group under a 3-year long-term agreement ending 30 September 2023. Payment of the 2022/23 renewal premium of £387.16 was agreed by the Council at the meeting (Minute 92.22 refers).

11.4 The insurance policy for the period ending 30 September 2023 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 and invoices/vouchers for payment are initialled 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 2021/22 year was dated 4 June 2022 and was received and considered by the Council on 6 July 2022. The Report put forward the following 3 recommendations:

***R1:** The Council should construct and publish (or direct the website host to construct and publish) a Website Accessibility Statement in order to demonstrate compliance with the website accessibility regulations. The Statement should include website navigation and accessing information and disclose any areas which are exempt from the Regulations or may involve a disproportionate financial burden to achieve full accessibility.*

This has been addressed; the Clerk/RFO confirmed to the Internal Auditor that a Statement is in place.

***R2:** Cheque 101071 should now be written back into the accounts by a deduction of £47.50 from the Payments side of the Accounts, in accordance with accounting practice.*

At the Council's meeting on 6 July 2022 the Clerk/RFO confirmed that the write-back would be completed as part of the half year accounts 2022/2023 and this was completed within the 2022/23 End of Year Accounts

***R3:** The General Reserves are significantly above the generally accepted position of being between 3 and 12 months of revenue expenditure. Accordingly the Council should consider setting aside further Earmarked Reserves for specific future projects for the community or otherwise consider marginally reducing the level of future Precept demands.*

At its meeting on 6 July 2022 the Council agreed to Earmark Reserves for Speed restraining and traffic calming measures (£5,000) and Signal Booster for the Village Hall (£3,000).

12.4 The Internal Auditor for the year 2022/23 was formally appointed by the Council at its meeting on 1 March 2023 (Minute 27.23d refers).

**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 noted at its meeting on 1 March 2023 that the Asset Register had been updated to reflect the acquisition of assets during 2022/23.

13.3 As at 31 March 2023 the Asset Register displayed a total value of £15,650, an increase of £1,791 from the valuation of £13,859 at the end of the previous year, 31 March 2022. The assets are displayed at original purchase cost or, in appropriate cases, at a nominal (community) value of £1.

13.4 The value as at 31 March 2023 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 2021/22. At its meeting on 4 May 2022 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 6 July 2022 the Chairman 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 2022.

14.2 For the year 2022/23 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 23 May 2023.

**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.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**11 June 2023**