

Report to Brightwell, Foxhall & Purdis Farm Group Parish Council

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

1. Introduction and Summary.

1.1 During the 2019/20 year the Council maintained effective governance arrangements including a robust framework of internal control. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor, and the information published on the Council's website, has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.2 By examination of the 2019/20 accounts and supporting documentation it was confirmed that the Clerk, in the role as 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.

The Accounts for the year confirm the following:

Total Receipts for the year: £8,515.26
Total Payments in the year: £6,461.66
Total Reserves at year-end: £26,647.25

1.3 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 2019):</i>	<i>Box 1: £24,594</i>
<i>Annual Precept 2019/20:</i>	<i>Box 2: £7,500</i>
<i>Total Other Receipts:</i>	<i>Box 3: £1,015</i>
<i>Staff Costs:</i>	<i>Box 4: £3,688</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £2,774</i>
<i>Balances carried forward (31 March 2020):</i>	<i>Box 7: £26,647</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £26,647</i>
<i>Total fixed assets:</i>	<i>Box 9: £19,695</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.4 Sections One and Two of the AGAR are to be approved and signed/dated at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2019/20 within the AGAR.

1.5 All documents were very well presented for the Internal Audit Review.

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

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

2.1 Standing Orders are in place and were considered, an amendment made and approved by the Council at the meeting held on 11 March 2020 (Minute 43.20 refers).

2.2 Financial Regulations are also in place and were considered and accepted by the Council at its meeting on 11 March 2020 (Minute 43.20 refers).

2.3 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.4 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 ZA326954, expiring 12 March 2021). Whilst it is not a legal requirement for a local council to appoint a Data Protection Officer (DPO), the Council demonstrated good practice by appointing the Clerk/RFO as the DPO at its meeting on 23 May 2018 and approved a set of documents aimed to meet the requirements of the General Data Protection Regulations (GDPR). The Council has prepared and approved a number of formal policies and protocols, including a comprehensive Data Governance Policy, a Privacy Policy and a Personal Data Assessment Matrix, in response to the GDPR.

2.5 The Council demonstrates good practice by adopting and reviewing a range of formal policies and procedures. At its meeting on 11 March 2020 the Council confirmed its acceptance of the Freedom of Information Policy, Grant Policy, Complaints Procedure and the Information available under the Publication Scheme (Minute 43.20 refers).

2.6 The Clerk/RFO has constructed a Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2020. The Report shows an amount of £1,381.10 retained as at 31 March 2020, unchanged from the end of the previous year.

2.7 The Council re-adopted the Suffolk Local Code of Conduct at its meeting on 11 March 2020 (Minute 43.20 refers). The Council demonstrates good practice in this respect by periodically re-adopting the Code of Conduct, which details the requirements and responsibilities placed upon each individual Council Member.

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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 provides a good audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. These documents provided good evidence in support of the receipts and payments in the year. Supporting invoices and vouchers were in place.

3.2 No payments were recorded in the year as having been made under the Local Government Act 1972 Section 137. VAT payments are tracked and identified within the Expenditure Analysis (to facilitate future re-claims to HMRC).

3.3 Relatively small amounts of VAT are paid by the Council each year and no re-claim was made to HMRC in the year of account. The previous re-claim to HMRC was for £770.90 VAT paid in the period 12 December 2016 to 12 December 2018 and which was received at bank on 15 February 2019.

3.4 A sample of Cashbook (Expenditure Analysis) transactions in the year was closely examined and found to be in good order.

3.5 A Statement of Variances (explaining significant differences in receipts and payments between the years 2018/19 and 2019/20) has been prepared by the Clerk/RFO for publication on the Council's website. The External Auditors require an explanation where the carried forward (end of year) reserves are greater than twice the income from the Precept and the Clerk/RFO has addressed this matter in the Statement of Variances.

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

4.1 The Council's Risk Assessment documentation and Internal Audit procedures were considered and approved by the Council at its meeting on 11 March 2020 (Minute 43.20 refers).

4.2 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 the Minutes of the Council must formally record that the review has taken place.

4.3 The content of the Risk Assessment documentation is wide-ranging and details the risks identified and the actions in place to manage and control the risks.

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4.4 Insurance was in place for the year of audit. At its meeting on 11 September 2019 the Council approved the insurance policy renewal payment of £274.40 to CAS Insurance. The Employer's Liability cover and the Public Liability cover each stand at £10m.

4.5 The Employee/Councillor Dishonesty cover stands at £25,000, which is lower than 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 (approximately £30,400 as at 31 March 2020). The Council should monitor the level of cash balances held during the year and increase the level of the Employee/Councillor Dishonesty insurance cover should sums continue to exceed the current £25,000 level of insurance cover.

5. Transparency Code *(Compliance for smaller councils with income/ expenditure under £25,000).*

5.1 Brightwell, Foxhall and Purdis Farm Group Parish Council is designated as a 'Smaller Council'. The Council's website is:

<http://brightwellfoxhallandpurdisfarm.onesuffolk.net/>

5.2 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
Published – **Yes**
- b) Annual Governance Statement, AGAR Annual Return, Section One:
Published (2018/19) – **Yes**
- c) End of year accounts, AGAR Annual Return, Section Two:
Published (2018/19) – **Yes**
- d) Annual Internal Audit Report within AGAR Annual Return:
Published (2018/19) – **Yes**
- e) List of councillor or member responsibilities:
Published – **Yes**
- f) Details of public land and building assets:
Published – **Yes**
- g) Minutes, agendas and meeting papers of formal meetings:
Published – **Yes**

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

5.4 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 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 a notice was published on the Council's website and displayed the inspection dates. However, the notice was not the official form specifically designed for publication,

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which the Clerk/RFO has confirmed will be used for the 2019/20 year to display the Date of the Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

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

Precept 2019/20: £7,500 (12 December 2018, Minute 178.18 refers).

Precept 2020/21: £7,500 (11 December 2019, Minute 175.19 refers).

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

6.2 Good budgetary procedures are in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the 2019/20 annual budget and of receipts and payments.

6.3 The Budget for the year 2020/21 was discussed and agreed by the Council at its meeting on 11 December 2019 (Minute 175.19 refers).

6.4 The total Reserves available to the Council as at 31 March 2020 amounted to £26,647.25 which included earmarked reserves/restricted funds of £21,381.10 as follows:

Road Up-grading:	£20,000.00
CIL balance as at 31 March 2020:	£1,381.10

6.5 As at the 31 March 2020 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

7.1 Receipts recorded in the Cashbook Spreadsheet were cross referenced with the bank statements and were found to be in order.

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

8.1 No Petty Cash is held; an expenses system is in place with supporting details listed against the expenses claimed and attached to the Salary and Expenses Voucher.

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

9.1 Payroll Services are being operated in-house and PAYE payments have been made to HMRC in the year. The Clerk/RFO maintains a detailed record of hours worked each month alongside any expenses incurred in the month.

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

10.1 The Asset Register was reviewed and approved by the Council at the meeting held on 11 March 2020 (Minute 43.20 refers). The Register displays a total value of £19,694.73 as at 31 March 2020, unchanged from the value as at the end of the previous year.

10.2 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The assets are displayed at purchase cost or, where the original purchase price is unknown, a proxy cost which will remain unchanged until disposal. Box 9 of Section 2 of the AGAR (Annual Return) correctly records the value of assets of £19,695.

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

11.1 The bank statements as at 31 March 2020 for the Barclays Community Account and the Barclays Business Premium Account reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation for all accounts.

12. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).

12.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were found to be in good order.

13. Internal Financial Controls, Payments Controls and Audit Procedures (Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. Cheque Book counterfoils are initialled by cheque signatories. Invoices and vouchers for payment list the cheque number to provide a clear audit trail. Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

13.2 The Internal Audit report for the previous year (2018/19) was received and agreed by the Council at its meeting on 10 July 2019 (Minute 112.19 refers).

13.3 The Council appointed the Internal Auditor for the 2019/20 year at its meeting on 11 March 2020 (Minute 44.20 refers).

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

14.1 An External Audit was not required in the year 2018/19. At its meeting on 8 May 2019 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year of account.

14.2 For the year 2019/20 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account.

15. Additional Comments.

15.1 The Annual Parish Council meeting was held on 8 May 2019, within the required timescale. The first item of business was the Election of Chairman, in accordance with the requirements of the Local Government Act 1972.

15.2 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

Trevor Brown

**Trevor Brown, CPFA
Internal Auditor
25 May 2020**