

Internal Audit Report for Claydon with Whitton Parish Council for the period ending 31 March 2023

Clerk	Bethany Cutler (post December 2022)
RFO (if different)	Cllr. John Whitehead
Chairperson	Cllr. Chris Studd
Precept	£ 42,401.00
Income	£ 166,665.07
Expenditure	£ 53,843.39
General reserves	£ 40,264.80
Earmarked reserves	£ 221,338.00
Audit type	Annual
Auditor name	Victoria Waples on behalf of SALC

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 2022/23 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 has used an excel spreadsheet to produce reports on a receipts and payments basis. The cashbook supplied for internal audit confirms the financial transactions of the parish council at any one point in time.
Is the cash book up to date and regularly verified?	Yes	Cash books are reconciled regularly with summary reports submitted to full Council.
Is the arithmetic correct?	Yes	Spot checks were made and were found to be correct. The functionality of the cashbook with calculations rather than entered figures automates the process of monitoring and allows an accuracy in the creation of the final annual data thereby ensuring its integrity.
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 Standing Orders, as seen on the Parish Council's website, were reviewed and adopted on 9 th May 2022 and are based on the latest model published by the National Association of Local Councils (2018).
Are Financial Regulations up to date and reviewed annually?	Yes	Financial Regulations (FR), as seen on the Council's website show that they were reviewed on 11 th April 2022 and are based on the NALC version issued in 2019. <i>Comment: at the next annual review, Council might wish to also review the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21st December</i>

		<i>2022 and make the changes to the contract value limits from £25,000 to £30,000 for non-central government authorities. The contract value limits are to be calculated inclusive of VAT (effective from 1st January 2022).</i>
Has the Council properly tailored the Financial Regulations?	Yes	The Council's Financial Regulations have been tailored to the Parish Council.
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 to be responsible for the administration of the financial affairs of the relevant authority. During the year under review the position was filled by Cllr. J Whitehead.
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
Is there supporting paperwork for payments with appropriate authorisation?	Yes	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 attached to the approved minutes. It is also noted that payments made away from the meeting are brought back to full Council as retrospective payments to be approved at the next relevant meeting. Whilst payments made were submitted to and authorised at the relevant meeting, there is still a lack of sufficient detail confirming who had authorised the release of payments made via the online banking system.

¹ Section 151 Local Government Act 1972 (d)

		<i>Comment: whilst Council is operating within the provisions of its own Financial Regulation 6.4, it should ensure that evidence is retained showing which members approved the payment but should be able to demonstrate that there is effective segregation between the setting up of online payments and the physical release of payments as outlined under Financial Regulations 6.5 and 6.10. This is an outstanding audit point.</i>
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 expenditure.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is identified within the excel spreadsheets used as part of the council's accounting system. A reclaim for the periods 1 st November 2021 to 31 st March 2023 in the sum of £5,979.80 as submitted on 23 rd May 2023 was were seen and a number of entries were cross checked and verified as being correctly recorded.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	The council is not eligible to use the General Power of Competence (Prescribed under Conditions) Order 2012.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	Payments made under this power for the year under review totalled £300.00 and were within statutory guidelines and limits and deemed by the Council to be in the interests of and bring benefit to its area and any of it or all of some of its inhabitants.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	Council has no such loans.
Additional comments:		

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.

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.

Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	<i>Not for the year under review</i>	Whilst there was no risk assessment documentation seen within the internal audit review, that supplied for the year ending 31 st March 2022 detailed in general terms the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. It was however limited in scope and detail and did not contain reference to the internal controls for online banking.
<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 Local Council Policy which shows core cover for the following: Public liability: £10million; Public/Products Liability: £10million and Fidelity Guarantee of £500thousand.</p> <p>The minutes of 9th May 2022 demonstrate that Council approved the annual insurance renewal offer on the same terms noting that at renewal council is in year two of a long-term undertaking which expires but there is no minute to suggest that Council conducted an annual review of its matters concerning insurance and relevant cover required.</p> <p><i>Comment: Councillors are 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 is advisable that such a review is reference via a corresponding agenda item.</i></p>
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	No	As identified in previous audit reports, Council has not conducted an annual review of the effectiveness of the system of internal control thereby ensuring that the mitigation measures in place are able to address the risks associated with the management of public finances and payments made by internet banking.

⁴ Accounts and Audit Regulations

		Recommendation: Council should take the earliest opportunity to note the requirement, under the Accounts and Audit Regulations 2015, to have in place safe and efficient arrangements to safeguard public money. The adoption of an Internal Control Statement (model templates are available from SALC) would provide the basis for such an assertion and should be used to inform the council's preparation of its annual governance statement and should cover the dual authorisation system to be used with internet banking.
<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	It is the internal auditor's opinion that council can demonstrate that in accordance with the Accounts and Audit Regulations 2015, the Parish Council formally reviewed the scope and effectiveness of its internal audit arrangements at the extra ordinary meeting of the council of 22 nd August 2022. <i>Comment: the review of the effectiveness of internal audit is demonstration that Council has understood that the role of internal audit is to evaluate and report on the adequacy of the system on internal control.</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
<i>Verify that budget has been properly prepared and agreed</i>	Yes	Full Council, at its meeting of 10 th January 2022, gave agreement to approve the budget to be set in the sum of £47,154 to be funded by the precept and other sources of income. <i>Comment: for clarity and transparency Council has ensured that the minutes show the actual budget figures being approved so that there is clarity on all aspects of the budget, precept and implications for Band D Council Tax.</i>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	Full Council at the same meeting, approved that a precept be levied on Mid Suffolk District Council in the sum of £42,401 which would result in a nil increase over that set for 2021-2022.

⁵ Practitioners Guide

<i>Regular reporting of expenditure and variances from budget</i>	Yes	A review of the budget including detailed income and expenditure position was reported to full council during the year under review with evidence seen of the budget report to actual with committed expenditure and funds available breakdown and explanations given for variances.
<i>Reserves held – general and earmarked⁶</i>	Yes	<p>The Council, as at year-end had general reserves totalling £40,265 and earmarked reserves totalling £221,338 (which includes the restricted CIL reserve).</p> <p><i>Comment: Council should note guidance as issued by Proper Practices which states that the general reserve should comprise of cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances. 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 be in accordance with its General Reserve Policy.</i></p> <p>Recommendation: Council should note guidance as issued under the Practitioners Guide 2022 which states that an authority needs to adopt as a general reserve policy, the level appropriate to its size, situation, risks and plan its budget so as to ensure that the adopted level is maintained.</p>
Additional comments: Council has followed the recommended key stages as to the budgetary process for the year.		

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 and reported within the payment schedules received by full Council. Spot checks on further items paid during the year under BACS / Direct Credit into the Council's Accounts were cross checked against cashbook, bank statements

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

		and invoices raised by the Parish Council. All were found to be in order with a clear underlying audit trail. An audit trail for a selection of receipts was reviewed and verified against bank statement, invoice and spreadsheets.
<i>Is income reported to full council?</i>	Yes	Income received is reported within the financial reports summarizing the Council's receipts and payments as submitted to full Council.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	Council received precept in the sum of £42,401.00 from Mid Suffolk District Council for the period under review. Evidence was provided showing a full audit trail from Precept being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council's Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Yes	During the year under review, Council received CIL receipts totalling £117,353.11 with a comprehensive spreadsheet maintained detailing running.
<i>Is CIL income reported to the council?</i>	Yes	CIL receipts received are reported within the financial reports submitted to the full Council at each relevant meeting.
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	The CIL annual report for 2022/2023 shows that there is a retained balance of £169,813.10 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	A Draft Annual CIL Statement has been produced and reflects the sums incurred, expended and retained by the Council which is due to be presented to full Council for approval at the council meeting later in June 2023.
<i>Has it been published on the authority's website?</i>	Not yet	The Annual CIL Statement for the year 2022 - 2023 will be uploaded onto the Council's website once approved by council.
Additional comments:		

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.

⁷ Community Infrastructure Levy Regulations 2010

Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	A petty cash is not operated by the council.
<i>If appropriate, is there an adequate control system in place?</i>	N/A	
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. 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 1 employee on its payroll at the period end of 31 st March 2023. Employment contracts were not reviewed during the internal audit visit for the year ending 31 st March 2023 but it was confirmed that an employment contract or statement of particulars is in place.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are presented to full Council for approval and payments are so authorised. <i>Comment: Council ensures that 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>
<i>Minimum wage paid?</i>	No	
<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 with the internal audit for the year ending 31 st March 2022 confirming that Council has complied with its duties as an employer with regards to automatic enrolment and has completed and submitted a re-declaration of compliance to the Pension Regulator (8th June 2022). Pension payments are made in accordance with timescales agreed with the Council's Pension Provider
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	There is a satisfactory expense system in place and all staff expenses claimed are approved in accordance with Council's Financial Regulations.
Additional comments:		
Section 9 – Asset control 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.		
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, as provided for internal audit review is still a work in progress and is to be fully reviewed by Council during the year 2023-2024. Currently the asset register has a value of £53,757. The review during the Internal Audit Visit for year-end is only based on those assets seen on the register as declared as being under the Council's remit for maintenance and ownership.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	The Governance and Accountability for Smaller Authorities in England March 2022 provided clarity on the valuation of assets and the manner in which the register should be maintained including the method of valuation. A review of the asset register shows a variety of methods used for valuation (where known).

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

⁹ Practitioners Guide

		<i>Comment: Council should be mindful of the guidance within the Governance and Accountability for Smaller Authorities in England, March 2022, on the valuation of its assets which requires authorities to apply a reasonable approach to asset valuation which is consistent from year to year. Where an authority changes its method of valuation during a financial year, the Council should note that it will need to restate the prior year's figure in Line 9 of the Annual Governance and Accountability Guide. An explanation of the variance will be required.</i>
<i>Are records of deeds, articles, land registry title number available?</i>	N/A	Records of deeds, articles, land registry title number were not reviewed during the internal audit review.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The asset register has still to be signed off by the council in relation to its year-end procedures, but it is confirmed that the values submitted on the Draft Annual Governance and Accountability Return for review were £53,757.
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under all risks cover for its assets to the value as stated under generic headings within its insurance schedule.
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. There is regular reporting of bank balances held within the detailed financial reports submitted at the Finance Committee as well as meetings of the full Council.
<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 2023) the balance across the councils accounts stood at £261,602.80 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 relevant meeting. The RFO has ensured that the Council is aware that, in accordance with proper practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows and therefore aids decision-making.
Additional comments:		
Section 11 – year end procedures		
Evidence	Internal auditor commentary	
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and payments basis, and all were found to be in order.
<i>Financial trail from records to presented accounts</i>	Yes	There is a full audit trail from records to presented accounts with year-end balances agreeing with cash book and bank reconciliations.
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	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 1 – Annual Governance Statement and Section 2 - Accounting Statements of the AGAR were completed but unsigned and are still to be presented to full Council. <i>Comment: the RFO should sign the statement of accounts certifying that they are properly presenting its receipts and payments prior to the submission of the Accounting Statements to the council. In so doing, the RFO is confirming that proper practices have been followed in the preparation of the statement of accounts.</i>
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	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.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise</i>	No	The Council did not make proper provision during the year 2022/23 for the exercise of public rights for the year ending 31 st March 2022 as Council failed to approve the AGAR for 2021/22 in time to publish it before 1 July

¹⁰ Annual Governance & Accountability Return (AGAR)

<i>of public right as required by the Accounts and Audit Regulations 2015?</i>		2022, the date required by the Accounts and Audit Regulations 2015. This mean that the Council has failed to make proper provision during the year 2022/23 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. Recommendation: as Council failed to make opportunity for the exercise of electors' rights during the Summer of 2022, in accordance with the requirements of the Accounts and Audit Regulations and under instruction from the external auditor, it is recommended to answer in the negative to Assertion 4 of the Annual Governance Statement.
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	No	In accordance with the Accounts and Audit Regulations 2015, as a smaller authority with either income or expenditure exceeding £25,000 but not exceeding £6.5 million, it is confirmed that the Council did not comply with the requirements of the Accounts and Audit Regulations 2015 for the year ending 31 st March 2022 as it has failed to publish all of the following on its website by the dates as specified under the regulations: Annual Internal Audit Section 1 - Annual Governance Statement Section 2 - Accounting Statements Section 3 - The External Auditor Report and Certificate Notice of Conclusion of Audit Notice of the period for the exercise of public rights and other information required by Regulation 15(2) Accounts and Audit Regulations 2015. <i>Comment: Council might wish to note that there is a requirement to ensure that Sections 1, 2 and 3 are published and remain available for public access for a period of not less than 5 years from the date of publication.</i>
<i>Additional comments: Council should be aware that it needs to answer Section 11a on the Accounting Statements as submitted for internal audit review.</i>		
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.		

¹¹ Accounts and Audit Regulations 2015

Evidence		Internal auditor commentary
Has the Council considered the previous internal audit report?	Yes	Council considered the Internal Audit Report as produced by SALC for the period ending 31 st March 2022 at the extraordinary Full Council meeting of 22 nd August 2022.
Has appropriate action been taken regarding the recommendations raised?	Yes	<p>The following recommendations were raised in the internal audit report for the period ending 31st March 2022 and an action plan was considered at the above meeting to address the matters raised: those in bold are outstanding:</p> <ol style="list-style-type: none"> 1. Evidence to be retained showing which member approve payments 2. Expansion of financial risk register to account for internet banking 3. Review of internal controls and their effectiveness 4. Review of internal audit and its effectiveness 5. Adoption of a General Reserve policy 6. Review of asset register on an annual basis with a comparison to the insurance schedule 7. Provision of the exercise of public rights in accordance with legislation 8. Submission of and acceptance of the external audit certificate by full Council 9. Compliance with GDPR <p><i>Comment: Council has understood the requirement to ensure that, having received a narrative internal audit report, it should minute its review of the work conducted and agree actions planned from the outcomes identified. The Internal Audit Report should be used to inform the council's responses to Assertion 2 and 6 of the annual government statement.</i></p>
Has the Council confirmed the appointment of an internal auditor?	Yes	<p>SALC were appointed as the Council's internal auditors for the year ending 31st March 2023 by full Council at its meeting of 17th April 2023.</p> <p><i>Comment: Council has understood the requirement to ensure that it has a clear understanding of the roles and responsibilities for internal audit, audit planning and timing of visits, reporting requirements; access to information; period of engagement and remuneration.</i></p>

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
Has the Council considered the previous external audit report? ¹²	No	There is no minute to suggest that full Council considered the report from the External Auditor for the year ending 31 st March 2022.
Has appropriate action been taken regarding the comments raised?	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 on the AGAR as submitted:</p> <p><i>“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 2022/23 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer ‘No’ to Assertion 4 of the Annual Governance Statement for 2022/23 and ensure that it makes proper provision for the exercise of public rights during 2023/24.</i></p> <p><i>The smaller authority has confirmed that it has not complied with the governance assertions in Section 1, Boxes 1, 2, 4, 6 and 7, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified. The Smaller Authority answered “No” to Assertion 4 due to the Public Rights not being properly exercised during 22/23 (in respect of the AGAR for the year ended 31 March 2022). However, Assertion 4 relates to the public rights period which took place during 2021/22 (i.e. in respect of the AGAR for the year ended 31 March 2021). There is no evidence to suggest</i></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><i>that the public rights during 2021/22 were not properly exercised and therefore this assertion should have been answered "Yes".</i></p> <p><i>The Annual Internal Audit Report focuses on a series of internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority. We note that the internal auditor has responded 'No' or 'Not covered' to the following internal control objectives: C/H/L but has not provided an explanation.</i></p> <p><i>The Annual Internal Audit Report will inform the authority's response to assertions 2 and 6 in the annual governance statement. As a result, the authority must ensure that assurance that has not been provided via these control objectives has been sought elsewhere.</i></p> <p><i>Information in Section 1 of the AGAR is inconsistent with information in the Annual Internal Auditor's Report and no evidence was provided in explanation when requested. The response to ICO C is No and the response to Assertion 5 is Yes."</i></p> <p>Recommendation: Council should review the areas identified within the external and internal audit reports for the year ending 31st March 2022 and take active steps to address the weaknesses identified. It should also ensure that Section 3 - The External Auditor Report and Certificate and Notice of Conclusion of Audit are uploaded onto the Council's website.</p>
<p>Section 14 – additional information</p> <p>The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.</p>		
Evidence		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> ¹³	Yes	Council held its Annual Meeting of the Parish Council at which the Chair and other Officers were elected on 9 th May 2022 in accordance with legislation in place at that time.

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

<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴	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 with a direct link from the Council's own website.
<i>Adoption of the Code of Conduct?</i>	Yes	At the meeting of 9 ^h May 2022, full Council adopted the Model Councillor Code of Conduct 2020, as produced by the Local Government Association (LGA), for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. <i>Comment: a copy of the recently adopted Code has been published on the Council's website.</i>
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	None held	Council does not have any Trustee Responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	In progress	Council is reminded that 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). <i>Comment: to ensure full compliance with the requirements of the Local Government Transparency Code 2015 (turnover exceeding £200,000), Council should note the information to be published in accordance with the required timescales:</i>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> ¹⁵	Yes	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation. Council's Model Publication Scheme detailing the type of information the Council holds and how it will make it available to the public was available to view on its website. <i>Comment: Council might wish to review some of the information contained within the report ensuring that it is up to date and as accurate as possible.</i>
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	No	Council has still to take steps to ensure compliancy with the regulations as written. Council's Privacy Statement was seen on the website and covers the use of the website upon which Council has a presence.

¹⁴ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

¹⁵ Data Protection Act 2018

		Recommendation: as advised within the previous year's internal audit report Council should carry out a Data Protection Impact Assessment which will assess the personal data being held and will assist with the understanding of how this data is being processed. Council will then be in a position to adopt specific policies detailing the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party. Council should also consider the adoption of a Data Retention Policy which will detail the periods for which documentation will be held along with the methods of disposal.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	Yes	Council has noted the requirement to publish a 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 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?¹⁷</i>	Yes	Currently, Council uses a "gmail" email address for official business. <i>Comment: as previously suggested and considered by Council at its meeting of 22nd August 2022, the use of a secure e-mail system with a .gov.uk address would identify that the Council has local government status and demonstrate authenticity when building trust and credibility with the public. Such an address would be owned by the parish council (section 5.204-5.207 of the Practitioners' Guide to Proper Practices – March 2022) refers.</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council's day to day records are back-up in a manner which is appropriate to the council and adequately stored.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	Terms of reference for the Council's standing committees are in existence and it is assumed that there were reviewed at the meeting at which appointments to the committees were made.

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide

Signed: *V S Waples*

Date of Internal Audit Review: 03.06.23 & 05.06.23

Date of Internal Audit Report: 06.06.23

On behalf of Suffolk Association of Local Councils