

## Internal Audit Report for Stoke by Clare Parish Council for the period ending 31 March 2023

Clerk	Judith Dignum
RFO (if different)	-
Chairperson	Councillor
Precept	£ 18,822.00
Income	£ 58,513.89
Expenditure	£ 59,371.91
General reserves	£ 19,939.78
Earmarked reserves	£ 1,300.22
Audit type	Annual
Auditor name	<b>Victoria Waples</b>

### 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

<b>Section 1 – proper bookkeeping</b>		
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.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The Council uses excel spreadsheets to produce reports on a Receipts and Payments basis.
<i>Is the cash book up to date and regularly verified?</i>	Yes	Council follows Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance and the Responsible Financial Officer (RFO) has used the full suite of accounting and reporting tools associated with the package to produce clear financial management information to the Council on both a monthly and annual basis.
<i>Is the arithmetic correct?</i>	Yes	Spot checks were made and were found to be correct. Cash books are reconciled on a monthly basis. However the following errors are identified and should be noted: 1. unrepresented cheques have been allocated as receipts.
<b>Recommendation: Council should revisit the Accounting Statements as approved and ensure that the unrepresented cheques are removed from income and offset against expenditure incurred to ensure that, whilst the overall result might not affect the final numbers in the financial statements, it will cause a distortion in the overall income received. The treatment of refunds and cancelled cheques should be a contra entry within payments and not allocated as a receipt.</b>		

<b>Section 2 – Financial Regulation and Standing Orders</b>		
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.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	Council’s Standing Orders were reviewed and adopted by the Council at its meeting of 9 <sup>th</sup> May 2022. The Orders, as adopted, are based on the latest

		<p>model published by the National Association of Local Councils (2018) and contain the provisions of the Model Councillor Code of Conduct as adopted by the Council. The Standing Orders are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the Parish Council.</p> <p><i>Comment: Council is aware of the requirement to ensure that the SOs are fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to.</i></p>
Are Financial Regulations up to date and reviewed annually?	Yes	<p>Financial Regulations (FR), as seen on the Council's website show a review date of 9<sup>th</sup> May 2022 and are based on the NALC Model Financial Regulations 2019 with provisions included as outlined under LTN 87 - Procurement – March 2022.</p> <p><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 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 1<sup>st</sup> January 2022).</i></p>
Has the Council properly tailored the Financial Regulations?	No	<p>The Council's Financial Regulations have not been fully tailored to the Parish Council as there is still the use of [square] brackets which provides confusion and ambiguity to the directions being given.</p> <p><i>Comment: Council is advised to tailor its Financial Regulations to the council in terms of direction and actions being undertaken.</i></p>
Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	<p>In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. This was reconfirmed at the meeting of 9<sup>th</sup> May 2022.</p> <p><i>Comment: Council should look to review Financial Regulation 1.8 as it creates uncertainty in the role of the Clerk / RFO.</i></p>
<b>Additional comments:</b>		

<sup>1</sup> Section 151 Local Government Act 1972 (d)

<b>Section 3 – Payment controls</b>		
<p>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.</p>		
<b>Evidence</b>		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	No	<p>The internal auditor is unable to verify if there is supporting paperwork for payments made or if there is an appropriate system of authorisation as items on the list supplied to the RFO as part of the selection of random payments to be cross checked was not provided, despite repeated requests for such information.</p> <p><b>Recommendation: to enable the Parish Council to be able to show that it is following good practice, there is a requirement for random sampling to enable an opinion to be made as to the manner in which the items are recorded and authorised. Council should be able to demonstrate that it is acting in accordance with Proper Practices. Failure to respond to requests for evidence from the Internal Auditor has resulted in limited opportunity for the auditor to conclude that the financial decisions or payments being made are in accordance with statute and that the Council is not undertaking any decisions or payments that are ultra vires.</b></p>
Where applicable, are internet banking transactions properly recorded and approved?	No	Internet banking is not operated by the Council.
Is VAT correctly identified, recorded, and claimed within time limits?	No	As there was no response to information requested from the RFO, the internal auditor is unable to verify that VAT is being correctly identified and reclaimed in accordance with current legislation.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	Yes	Council has not adopted the general power of competence.

<sup>2</sup> Localism Act

<p>Are payments under s.137<sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?</p>	<p>No</p>	<p>Payments made under this power totalled £1500.00 and cover a grant to the Parochial Church Council of Stoke by Clare for assistance with affraying the costs associated with the running of church finances.</p> <p><b>Recommendation: as has been previously advised, Council should be aware that the Local Government Act 1894 prevents expenditure on works relating to the Church. Whilst this may have been challenged, and further guidance is being sought from the Government on this matter, the National Association of Local Councils has advised that whilst there may be legal issues relating to whether later legislation overrides the provisions of the 1894 Act, Council should consider whether it is prudent to make such payments when their validity could be legally challenged.</b></p> <p>Council might wish to review the briefing note issued by NALC on this matter – L01-18 Financial Assistance to the Church (available to view via the SALC and NALC websites).</p> <p>Whilst the cashbook allows for the details of payments made under S137 to be clearly referenced in the cashbook, upon a further review of the cashbook, it is noted that there is a payment for a remembrance wreath in the sum of £25.00 allocated under Miscellaneous expenditure.</p> <p><i>Comment: Council should be aware that s137 is a restricted power and should only be used if there is no appropriate specific power. The payment of monies towards a remembrance wreath is considered appropriate expenditure under this power.</i></p>
<p>Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?</p>	<p>N/A</p>	<p>Council has no such loans.</p>
<p><b>Additional comments:</b></p>		

**Section 4 – Risk management**

<sup>3</sup> 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 £8.82 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

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.		
Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	The risk assessment documentation as reviewed provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The review was approved as having been carried out at the meeting of 20 <sup>th</sup> March 2023.
<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 <b>and</b> has been reviewed on an annual basis?</i>	Yes	<p>Council has insurance in place under a specialist policy for local councils with Zurich Municipal Insurance which shows core cover for the following: Public liability: £12million; Public/Products Liability: £10million and Fidelity Guarantee of £250thousand. Specified cover is also in place for one building and contents under all risk. At renewal council is in a three-year long-term undertaking from 1<sup>st</sup> June 2022 to 31<sup>st</sup> May 2025.</p> <p><i>Comment: Council has followed recommended guidance by ensuring that its Fidelity Cover is equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May.</i></p> <p>During the year, being 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, annual reviews of the Council's insurance were undertaken prior to renewal. The minutes of the Finance Committee 23<sup>rd</sup> May 2022 evidence that such a review has been undertaken by the Committee under delegated powers.</p> <p><i>Comment: Council has ensured that it is able to demonstrate that it has reviewed the risks facing the Council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things).</i></p>

<p><i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i></p>	<p>No</p>	<p>Despite requests for information, it is not evident that Council, in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, confirmed that the financial and management systems of the council were sound and adequate and internal control arrangements were efficient and effective to address the risks associated with the management of public finances.  <b>Recommendation: In accordance with the Accounts and Audit Regulations 2015, Regulation 6, Council should be aware that it should formally review the effectiveness of its system of internal control to ensure that it has mitigation measures in place to address the risks associated with the management of public finances.</b>  <i>Comment: An Internal Control Statement (model templates are available from SALC) would provide the basis for such an assertion.</i></p>
<p><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 appointment<sup>5</sup></i></p>	<p>No</p>	<p>There was also no formal review of internal audit and its effectiveness.  <b>Recommendation: Council should demonstrate, via a minute reference, that it has complied with Regulation 5 of the Accounts and Audit Regulations 2015 and reviewed the terms of reference and effectiveness for internal audit, thereby demonstrating that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.</b></p>
<p><b>Additional comments:</b></p>		
<p><b>Section 5 – Budgetary controls</b>                  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</p>		
<p><b>Evidence</b></p>	<p>Internal auditor commentary</p>	

<sup>4</sup> Accounts and Audit Regulations

<sup>5</sup> Practitioners Guide

<i>Verify that budget has been properly prepared and agreed</i>	Yes	The Council, at its meeting of 6 <sup>th</sup> December 2021, approved a budget to reflect the precept to be levied. The minutes indicate that a budget and precept were agreed in the sum of £18,621.00.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Unclear	However, at its meeting of 24 <sup>th</sup> January 2022, Council approved a precept to be levied on the District Council in the sum of £18,822.00 which, from the papers seen, showed a 4.84% or £3.88 increase per annum on a Band D property over that set for the previous year. <i>Comment: for clarity and transparency Council might wish to provide an explanation as to changes between meetings which have resulted in an amended precept being approved.</i>
<i>Regular reporting of expenditure and variances from budget</i>	Yes	A review of the budget including detailed income and expenditure position is reported to Council in accordance with its own Standing Orders. Evidence was seen of budget report to actual with committed expenditure and funds available breakdown.
<i>Reserves held – general and earmarked<sup>6</sup></i>	Yes	The Council, as at year-end had General Reserves totalling £19,939.78 and Earmarked Reserves totalling £1,300.22. <i>Comment: as previously advised Council should note guidance as issued by Proper Practices which states that 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 ensure that the level of general reserves held is in accordance with an adopted General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i>
<b><i>Additional comments:</i></b> Council has followed the recommended key stages as to the budgetary process for the year: decide the form and level of detail of the budget; review the current year budget and spending; determine the cost of spending plans; assess levels of income; bring together spending and income plans; provide for contingencies and consider the need for reserves; approve the budget; confirm the precept or rates and special levies; and review progress against the budget regularly throughout the year.		

## Section 6 – income controls

<sup>6</sup> 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

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. A number of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. The RFO has ensured that the accounting records contain all day-to-day entries of all sums of money received.
<i>Is income reported to full council?</i>	Yes	Income received is reported to full Council within the financial reports 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 £18,822 from West Suffolk Council for the period under review as reported to full Council within its Financial Reports. Evidence was provided showing a full audit trail from Precept being 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>Comment: see above under budget setting for clarification of changes between meetings.</i>
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?<sup>7</sup></i>	N/A	Council is in an area where, currently, CIL is not operated.
<i>Is CIL income reported to the council?</i>	N/A	
<i>Does unspent CIL income form part of earmarked reserves?</i>	N/A	
<i>Has an annual report been produced?</i>	N/A	
<i>Has it been published on the authority's website?</i>	N/A	
<b>Additional comments:</b>		

<sup>7</sup> Community Infrastructure Levy Regulations 2010

<p><b>Section 7 – petty cash</b>                  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.</p>		
<b>Evidence</b>		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	Council does not operate a petty cash system.
<p><b>Section 8 – Payroll controls</b>                  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.</p>		
<b>Evidence</b>		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	Yes	Council had 2 employees on its payroll at the period end of 31 <sup>st</sup> March 2023. It was confirmed that all staff have a contract of employment.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments and amendments to salaries are approved by full Council.
<i>Minimum wage paid?</i>	No	The national minimum wage is not applied.
<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. 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.

<p><i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i></p>	<p><i>Unclear</i></p>	<p>A note submitted for Internal Audit Accounts states that in 2022/23, employees were either ineligible or did not wish to subscribe to the Pension Scheme provided by the Council.</p> <p>However, Council has still to demonstrate that it is aware of its pension responsibilities under the Pensions Act 2008.</p> <p><b>Recommendation: Council should be aware that under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. This is called 'automatic enrolment' and details can be found at: <a href="http://www.thepensionsregulator.gov.uk">www.thepensionsregulator.gov.uk</a></b></p> <p><b>The link below will also provide further details of Council's obligations as an employer:</b></p> <p><b><a href="https://www.thepensionsregulator.gov.uk/en/employers">https://www.thepensionsregulator.gov.uk/en/employers</a></b></p> <p><b>Council should also note that every three years an employer must put certain staff back into a pension scheme. This is known as 're-enrolment'. This is an employer's legal duty and Councils must let the Pension Regulator know when they have completed the task by completing and submitting a re-declaration of compliance.</b></p>
<p><i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i></p>	<p>Yes</p>	<p>There is a satisfactory expense system in place and all expenses claimed are approved in accordance with Council's Financial Regulations.</p>
<p><b>Additional comments:</b></p>		
<p><b>Section 9 – Asset control</b></p> <p>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.</p>		
<p><b>Evidence</b></p>	<p>Internal auditor commentary</p>	

<sup>8</sup> The Pension Regulator – [website click here](http://www.thepensionsregulator.gov.uk)

<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?<sup>9</sup></i>	Yes	The Asset Register, as reviewed during the internal audit review reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end (31.03.2023) is £427,537.46 which reflects nil movement in the asset register since that declared at 31 <sup>st</sup> March 2022.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2022 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied. <i>Comment: council has followed the Practitioners' Guide and ensured that the recorded value of the asset has only changed where it has been materially enhanced.</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 which was carried out via remote means.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The asset register was formally presented to and approved by full council at the meeting of 19 <sup>th</sup> June 2023, and it is confirmed that the values submitted on the Annual Governance and Accountability Return for Internal Audit show an asset value of £427,537 (rounded).
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under all risks cover for its assets covering the generic headings as stated on its insurance policy.
<b>Additional comments:</b>		
<b>Section 10 – bank reconciliation</b> 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.		
<b>Evidence</b>		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.

<sup>9</sup> Practitioners Guide

<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with year-end statements and, as at year end (31 <sup>st</sup> March 2023) the balance across the councils accounts stood at £21,240.69 as recorded in the 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 of full Council. In accordance with best practice, the bank reconciliation is independently reviewed at each relevant council meeting. <i>Comment: this is not only good practice but is also a safeguard for the RFO and fulfils one of the authority's internal control objectives.</i>
<b>Additional comments:</b>		
<b>Section 11 – year end procedures</b>		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	<i>Work required.</i>	Accounts are produced on a receipts and payment basis, but amendments will be required to the final accounts as produced by the RFO.
<i>Financial trail from records to presented accounts</i>	Yes	There is a full audit trail from records to presented accounts.
<i>Has the appropriate end of year AGAR<sup>10</sup> 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 – Governance Statements and Section 2 - Accounting Statements of the AGAR were completed and appear to have been signed off by Council at its meeting of 19 <sup>th</sup> June 2023. <b>Recommendation: amendments will be required to the Annual Governance Statement and Accounting Statements– see below.</b>
<i>Did the Council meet the exemption criteria and correctly declare itself exempt?</i>	<i>Not applicable</i>	Having received a Public Interest Report for the year 2020-21, Council was not able to declare itself exempt from a limited assurance review for the year 2021-22.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise</i>	No	During the review of the publication requirements of the Accounts and Audit Regulations 2015, for the year 2021-2022, the Council did not

<sup>10</sup> Annual Governance & Accountability Return (AGAR)

<p><i>of public right as required by the Accounts and Audit Regulations 2015?</i></p>		<p>correctly provide for the exercise of elector’s rights during Summer 2022 as confirmed by the minutes for the year under review.  <b>Recommendation: given that the period for the public rights was set at 23 March to 9 May 2023, Council is advised to answer in the negative to assertion 4 of the Annual Governance Statement as it failed to make proper provision for the exercise of public rights for the year ending 31<sup>st</sup> March 2022.</b>                  As the AGAR will now need to be represented to the Council to correct responses to the Annual Governance Statement, Council will technically have failed to approve the AGAR by 1<sup>st</sup> July.  <b>Recommendation: If Council fails to approve the AGAR for 2022-2023 and publish it before 1<sup>st</sup> July 2023, the date as set out by legislation, Council is also advised to answer in the negative to Assertion 1 of Section 1 - Annual Governance Statement for 2023.</b></p>
<p><i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i></p>	<p>No</p>	<p>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<sup>st</sup> March 2022 as it failed to publish all of the following on its website:                  Annual Internal Audit                  Section 1 - Annual Governance Statement                  Section 2 - Accounting Statements                  Section 3 - The External Auditor Report and Certificate  <b>Notice of the period for the exercise of public rights and other information required by Regulation 15(2) Accounts and Audit Regulations 2015.</b>  <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></p>
<p><b>Additional comments:</b></p>		

<sup>11</sup> Accounts and Audit Regulations 2015

<b>Section 12 – internal audit</b>		
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.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	No	No Internal Audit Report was commissioned for the year ending 31 <sup>st</sup> March 2022.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	No	<b>The following recommendations as raised in the internal audit report for the period ending 31<sup>st</sup> March 2021 are still outstanding:</b> <ol style="list-style-type: none"> <li>1. Review of expenditure under S137</li> <li>2. Review of effectiveness of system of internal controls</li> <li>3. Review of effectiveness of internal audit</li> <li>4. Adoption of a Data Retention Policy and Data Breach Policy</li> <li>5. Exercise of public rights in accordance with legislation</li> <li>6. Commissioning of an internal audit</li> <li>7. Publication of a website accessibility statement</li> </ol>
<i>Has the Council confirmed the appointment of an internal auditor?</i>	No	There is no minute to confirm that SALC were appointed as the Council's internal auditors for the year ending 31 <sup>st</sup> March 2023. <b>Recommendation: Council should understand 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. The formal appointment of the internal auditor should be an agenda item for consideration by full Council.</b>

<b>Section 13 – external audit for the period under review</b>	
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.	
<b>Evidence</b>	<i>Internal auditor commentary</i>

<i>Has the Council considered the previous external audit report?</i> <sup>12</sup>	No	The external audit report for the year ending 31 <sup>st</sup> March 2022 has not yet been received by the Council due to the delays in submitting the relevant information to the external auditor. <i>Comment: in order to comply with the Regulation 16 of the Accounts and Audit Regulations 2015, Council must demonstrate that, as soon as it is reasonably practical after the conclusion of the audit, it should publish a statement saying that the audit has been concluded, giving the details of the public's rights of inspection under section 25 of the 2014 Act (Local Audit and Accountability Act 2014) and saying where and when those rights may be exercised.</i>
<i>Has appropriate action been taken regarding the comments raised?</i>	Not applicable	<b>Recommendation: as Council has failed to comply with the submission of information to internal and external auditors in accordance with the timescales as outlined under the Accounts and Audit Regulations and has failed to act upon previous reports from the internal and external auditors, it is advised to answer in the negative to Assertion 7 of the Annual Governance Statement.</b>
<p><b>Section 14 – additional information</b>                  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>		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> <sup>13</sup>	Yes	Council held its Annual Meeting of the Parish Council on 9 <sup>th</sup> May 2022, in accordance with legislation in place at that time.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	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

<sup>12</sup> 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.*

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

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

		<p>any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.</p> <p>At the meeting of 25<sup>th</sup> July 2022, the Council resolved to adopt the 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.</p>
<i>Is there a list of members' interests held?</i>	Yes	<p>Evidence was seen on the District Authority's website the Register of Interests for all current Parish Councillors.</p> <p><i>Comment: there is no direct link from the Council's own website.</i></p>
<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>	Yes	<p>Whilst the Local Government Transparency Code 2015 applies to local authorities, including parish and town councils with annual income or expenditure (whichever is the higher) over £200,000, Council might wish to note the guidance which states that those relevant authorities with income over £25,000 but under £200,000 are expected (but are not legally required to do so) to follow its recommendations.</p>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?<sup>15</sup></i>	Yes	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	In progress	<p>Council has still to take active steps to ensure compliancy with the GDPR requirements and should adopt a number of GDPR Policies during the year that provide clear responsibilities and obligations of the Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. The Data Protection Policy that appears on the Council's website is not compliant with current legislation. It is noted that Council has adopted a Subject Access Request Policy. The General Privacy Notice on the Parish Council's website covers the framework that the public can expect for dealing with requests from individuals who have the right to know what data is held on them,</p>

<sup>15</sup> Data Protection Act 2018

		<p>why the data is being processed and whether it will be given to any third party.</p> <p><b>Recommendation: a Data Protection Information Management Policy should be adopted which would detail 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.</b></p>
<p><i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i></p>	<p>No</p>	<p>Whilst Council has accessibility tools on its website thereby allowing for the increased functionality of the council's website, there is still no website accessibility statement on the 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.</p> <p><b>Recommendation: as mentioned previously, Council should ensure that at the very minimum it publishes on its website, a Website Accessibility Statement, which has identified the areas which are not accessible and shows that Council has a forward plan so that it can make changes to improve this.</b></p>
<p><i>Does the council have official email addresses for correspondence?<sup>17</sup></i></p>	<p>Yes</p>	<p>Council operates with an outlook email address for the Clerk which it is assumed is owned by the council and not connected to a personal email account.</p> <p><i>Comment: Council might wish to consider guidance issued over the use of a secure e-mail system for Officers and Councillors as per section 5.205-5.208 of the Practitioners' Guide to Proper Practices – March 2023.</i></p>
<p><i>Is there evidence that electronic files are backed up?</i></p>	<p>Unclear</p>	<p>The internal auditor is unable to confirm that the Council uses an appropriate system in which back-ups of the council's data are taken and stored appropriately.</p>
<p><i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i></p>	<p>Yes</p>	<p>Terms of reference were seen for the Council's two standing committees: finance and planning.</p>

<sup>16</sup> Website Accessibility Regulations 2018

<sup>17</sup> Practitioners Guide

***Additional comments:***

Signed: *V S Waples*

Date of Internal Audit Review: 15.07.23 & 19.07.23 & 27.08.23

Date of Internal Audit Report: 27.08.23

On behalf of Suffolk Association of Local Councils