

## **Report to Coney Weston Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2021**

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

1.1 The Internal Audit for the year 2020/21 was undertaken during a period of time when many restrictions were still in place following the covid-19 pandemic; there were continuing restrictions on people meeting and working away from home and social distancing was still in place.

1.2 Accordingly, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Andrea Morris, the Council's Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. This detailed Audit Report, and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR), were completed accordingly. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in this report in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 The Internal Audit work undertaken confirmed that during the 2020/21 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.

1.4 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the current Clerk, in the role of the Council's RFO, has satisfactorily undertaken the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.5 The Accounts for the year confirm the following:

*Total Receipts for the year: £6,980.00*

*Total Payments in the year: £6,503.36*

*Total Reserves at year-end: £7,268.59*

1.6 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2020/21 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £6,792</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £6,080</i>
<i>Total Other Receipts:</i>	<i>Box 3: £900</i>
<i>Staff Costs:</i>	<i>Box 4: £2,164</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £4,339</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £7,269</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £7,269</i>
<i>Total fixed assets:</i>	<i>Box 9: £16,352</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.7 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 within the AGAR.

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

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

2.1 The Annual Parish Council meeting was held on 14 May 2020 by means of video conferencing. The first item of business was the Election of Chair, in accordance with the requirements of the Local Government Act 1972 Sch.15. The roles and responsibilities of each Councillor were agreed (Minute 6.1 refers). New Regulations brought into effect as a result of the covid-19 pandemic enabled local councils to hold remote meetings (including by video and telephone conferencing) until May 2021. The Council accordingly held meetings through the Zoom platform during the year 2020/21.

2.2 Standing Orders are in place. The Council noted on 15 June 2020 that they were due for review and approval at the meeting in July 2020 but Councillors felt the Orders should be more specific to the Council's requirements and would be reviewed and brought to the September 2020 meeting. However, the Internal Auditor was unable to find any further reference to this matter in the Minutes of the Council's meetings during 2020/21. A copy of the Council's Standing Orders, as last reviewed on 11 July 2019, has been published on the Council's website. NALC has since published revised Model Standing Orders (entitled 2018 revised 2020) with amendments at Section 18 (items f and g) to reflect the changes in the thresholds for public service or supply and public works contracts.

**Recommendation 1. The Council should confirm that it has finalised its review of Standing Orders and formally record their adoption during the year 2021/22.**

2.3 Financial Regulations are in place. At its meeting on 9 July 2020 the Council reviewed and adopted amended Financial Regulations, tailored to the particular requirements of the Council. (Minute 5.5.1 refers). The Regulations reflect the latest guidance provided by NALC and the current contract thresholds.

2.4 The Council has an appointed Responsible Financial Officer (RFO) in post. The Council re-appointed Rowena Salter as the RFO at its meeting on 14 May 2020. At its meeting on 9 July 2020 the Council noted that the Clerk/RFO was leaving at the end of July 2020. The Council nominated a Councillor to act as the Council's RFO until a new postholder was appointed (Minute 7.3 refers).

2.5 At its meeting on 8 October 2020 the Council formally appointed Mrs Andrea Morris as the Clerk/RFO and approved the terms and conditions of employment (Minute 14 refers).

2.6 A revised Scheme of Delegation was considered and adopted by the Council at its meeting on 5 November 2020 (Minute 13 refers) to provide for the Clerk/RFO to make payment on those invoices received where the due date falls before the next scheduled meeting of the Council, providing specific consultation takes place with the nominated Councillors. The Clerk/RFO's use of the delegated authority is reported to Council and Minuted.

2.7 The Council's Bank Mandate was reviewed and changes approved by the Council at its meeting on 23 March 2021 (Minute 6 refers).

2.8 The Council's Minutes are well presented and provide good evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that each page of the Council's Minutes has been signed/initialled other than for the meeting on 9 July 2020, a matter which she is currently investigating.

2.9 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 ZA703702 refers, expiring 5 March 2022).

2.10 Formal Data Protection Policies and Procedures have been adopted by the Council to demonstrate compliance with the General Data Protection Regulations (GDPR) including a Document and Data Retention Policy and a Data Protection and Information Management Policy, both of which were adopted by the Council at its meeting on 4 March 2021 (Minute 15 refers). The GDPR General Privacy Notice was reviewed and adopted by the Council at its meeting on 23 March 2021 (Minute 9 refers).

2.11 The Council demonstrates good practice by adopting and regularly reviewing a wide range of other formal Policies, Procedures and Protocols. Under these arrangements, Freedom of Information documents were considered and agreed at the meeting on 3 September 2020 (Minute 11 refers). Similarly, a Hedges Policy was approved by the Council on 8 October 2020 (Minute 9 refers).

2.12 A revised Complaints Procedure was considered and approved by the Council on 5 November 2020, with an additional section to provide for the treatment of vexatious or unreasonable complaints (Minute 18 refers).

2.13 The Council similarly demonstrates good employment practices by maintaining detailed Policies and Procedures for its employees. A Recruitment Policy was adopted by the Council on 14 May 2020 and a Homeworking Policy, Expenses Policy, Sickness and Absence Reporting Policy and an Equal Opportunities Policy were all considered and approved by the Council at its meeting on 4 March 2021 (Minute 16 refers).

2.14 The Council's Policies and Procedures have been published on the Council's webpage: <https://coneyweston.suffolk.cloud/coney-weston-parish-council/policies/>

2.15 At its meeting on 5 March 2020 the Council resolved to adopt the Suffolk Local Code of Conduct for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. During 2020/21 the Local Government Association (LGA) and NALC launched a consultation on a new model Councillor Code of Conduct.

2.16 At its meeting on 3 September 2020 the Council noted the new website accessibility regulations to be complied with no later than 23 September 2020. It was reported that the Council's website had been checked (by the Councillor who oversees the website, Facebook and publicity) and had found to be compliant (Minute 7.2 refers). It is good practice for local councils to publish a Website Accessibility Statement. The Statement details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible or where there would be a disproportionate burden to secure full accessibility with contact details to report accessibility problems.

**Recommendation 2. The Council should consider publishing a Website Accessibility Statement which will include website navigation and accessing information and disclose any areas which are exempt from the Regulations or may involve a disproportionate financial burden to achieve full accessibility.**

2.17 The Council recognises the importance of the training of Councillors and Staff in maintaining a high standard of governance. The Council has agreed to support the professional training for the Clerk/RFO and training sessions for Councillors (Council's meeting on 5 November 2020, Minutes 11 and 12 refer).

**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 was found to be in good order and well presented. VAT payments are tracked and separately identified within the Cashbook. Similarly, payments under the Local Government Act 1972 (Section 137) are identified in the Cashbook. The legislative powers under which all payments are made are clearly identified within the Cashbook.

3.2 The Spreadsheet is well referenced and provides a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. The document provided good evidence in support of the receipts and payments in the year.

3.3 The Clerk/RFO emphasised to the Internal Auditor that during the 2020/21 year three individuals had been maintaining the financial records of the Council, during which time the Council moved bank accounts and moved to online banking. The Clerk/RFO was able to confirm to the Internal Auditor that she had successfully matched up invoices/vouchers with cheque and online payments and all agreed. The Clerk/RFO does not hold electronic payment confirmation documents for the 2020/21 year although all online payments correspond to invoices/vouchers. Going forward, the Clerk/RFO will be requesting the authorising signatories to provide her with a 'payment authorisation details' copy which can be downloaded at the time of the payment. As the Clerk/RFO has 'view only' access to the bank account she cannot perform that action independently.

3.4 The Clerk/RFO also confirmed that where cheques were used during the year of account the cheque numbers were recorded and initialled by the signatories on the paid invoices/vouchers.

3.5 As a result of the Internal Audit for 2020/21 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined in detail by the Internal Auditor and a sample of the 2020/21 transactions should be undertaken at the next scheduled audit or when circumstances permit.

3.6 Although relatively small amounts of VAT are paid each year a VAT re-claim to HMRC has not recently been made. The most recent VAT re-claim was submitted to HMRC in the year 2019/20 and covered sums unclaimed from 2018/19.

**Recommendation 3. During the year 2021/22 the Council should submit a re-claim to HMRC for the VAT paid during 2020/21 and include any sums owing since the previous re-claim in 2019/20**

**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 An Internal Control Statement is in place. The document was reviewed and approved by the Council at its meeting on 23 March 2021 (Minute 7.1 refers). The Council reviewed the effectiveness of the document and agreed that the controls currently in place were considered to be effective and should continue until superseded by new or amended arrangements (Minute 7.2 refers).

4.2 At its meeting on 4 March 2021, the Council reviewed the Risk Assessment and Management (Financial) document as previously circulated (Minute 17 refers). The document is comprehensive and provides details of identified risks, the level of risk, the internal control arrangements in place to mitigate the risks, the actions taken by the Council and Clerk/RFO and the frequency of the checks.

4.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a formal review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, which includes the arrangements for management of risk, with the review being Minuted accordingly.

4.4 Insurance was in place during the 2020/21 year. At its meeting on 8 October 2020 the Council considered the insurance renewal documentation, confirmed the reduction of the property sum insured to £50,000 under All Risks, and agreed payment to CAS Business Services Ltd. of the renewal premium of £314.78 for the period 1 October 2020 to 30 September 2021 (Minute 7 refers). The Policy is under the name of the Royal Sun Alliance. The Clerk/RFO has confirmed that Public Liability cover and Employers Liability cover both stand at £10m. and that the Fidelity Insurance (Councillor/Employee Dishonesty) cover stands at £25,000 (which meets 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).

4.5 At the meeting held on 14 May 2020. the Council approved the insurance renewal premiums for the Village Hall (£502.59) and the Playing Field (£322.00).

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

Precept 2020/21: £6.080.00

Precept 2021/22: £8.743.00

5.1 The Draft Budget for 2020/21 was considered and agreed by the Full Council at its meeting on 2 January 2020. A Precept of £6,080 for 2020/21 was agreed and the precept decision and amount have been clearly Minuted (Minute 6.4.3 refers).

5.2 Similarly, a Draft Budget for the year 2021/22 was considered by the Council at its meeting on 5 November 2020 for final approval at a future meeting. The Budget and proposed Precept for 2021/22 were reviewed by the Council at the meeting on 7 January 2021 and agreed and adopted (Minute 8.1 refers).

5.3 At its meeting on 14 May 2020 the Council received a Spreadsheet listing income and expenditure for April 2020 (a Budget Monitoring Statement) in a format that would be used for future budgetary control purposes together with a cheque tracker and bank statement (Minute 7.4 refers). The Council noted on 9 July 2020 that the Clerk/RFO had circulated the Cashbook which agreed with the relevant bank statement (Minute 6.5.3 refers).

5.4 On 5 November 2020 the Council reviewed the receipts and payments list from 1 April 2020 to 30 October 2020 compared to the budget for the year and confirmed the bank reconciliation was supported by the relevant bank statement (Minute 15 refers).

5.5 The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council's overall Reserves at the year-end 31 March 2021 totalled £7,268.59 an increase of £477 over the amount at the end of the previous year. The Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

**6. Income Controls (regarding sums received from Precept, Grants, Loans and other income).**

6.1 Receipts recorded in the year consisted of Precept (£6,080), Village Hall Car Park Rent (£150) and a Grant from West Suffolk Council for Thetford Road Bungalow Project (£750).

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

7.1 A Petty Cash system was not in use in the year of account. An expenses system was in place, with cheques/on-line payments made for expenses incurred.

**8. Publication Requirements and the Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).**

8.1 In December 2014 the Department for Communities and Local Government (DCLG) issued the Transparency Code for Smaller Authorities. Under the provisions of the Transparency Code, Coney Weston Parish Council can be designated as a 'Smaller Council'.

8.2 The Council's website is: <https://coneyweston.suffolk.cloud/coney-weston-parish-council/finance/>

8.3 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:  
[Published on the website](#)
- b) Annual Governance Statement, AGAR, Section One:  
[2019/20 published on website](#)
- c) End of year accounts, AGAR, Section Two:  
[2019/20 published on website](#)
- d) Annual Internal Audit report within AGAR:  
[2019/20 published on website](#)
- e) List of councillor or member responsibilities:  
[Published on the website](#)
- f) Details of public land and building assets (Asset Register):  
[Published on the website](#)
- g) Minutes, agendas and meeting papers of formal meetings:  
[Published on the website](#)

8.4 The Council is complying with the requirements of the Transparency Code.

8.5 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 Council agreed the dates for public inspection at its meeting on 9 July 2020 (Minute 6.4 refers). The Internal Auditor was able to confirm that the document for the year 2019/20 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts and the Details of the person making the announcement.

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

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

9.1 Payroll Services are operated by the Suffolk Association of Local Councils (SALC) on behalf of the Council in accordance with HMRC requirements. Detailed payslips are produced and PAYE is in operation. A copy of the Clerk/RFO's payslip for February 2021 was examined by the Internal Auditor and confirmed that salary is paid at NJC Scale Point 7 (£10.44 per hour).

9.2 At the meeting held on 23 March 2021 the Council agreed to confirm the Clerk/RFO in post at the end of the six-month probation period (30 April 2021). (Minute 11 refers).

9.3 With regard to the legislation relating to workplace pensions, the Council noted on 7 January 2021 that a re-declaration of compliance under the Pensions Act 2008 had been submitted to the Pensions Regulator (Minute 11 refers). (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

**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 An Asset Register is in place. At the meeting on 15 June 2020 the Council agreed to remove the Playing Field land, benches and play equipment from the Register, the Playing Field Committee having taken responsibility for those assets. The Council also agreed that the Register should display 'purchase cost' value against all items (a 'proxy cost' if cost value unknown) with a separate column for 'insurance cost' (Minute 6.4.2 refers)



10.2 The Register was reviewed and all amendments agreed by the Council at the meeting held on 9 July 2020 (Minute 6.5.2 refers). Further amendments to the Register were approved at the meeting on 7 January 2021 (Minute 12 refers).

10.3 As at 31 March 2021, the Asset Register displays a total valuation of £16,352, a reduction of £18,049 from the end of the previous year, largely as a result of all Playing Field items being removed from the Register in January 2021.

10.4 The Register displays a mix of cost value and insurance value. Current requirements provide that each asset should be displayed at a consistent value, year-on-year. Accordingly, for purposes of the completion of the 2021/22 AGAR, the Council should ensure there is consistency between the values listed in the AGAR as at 31 March 2021 and those listed in the AGAR in the comparative column for the year 2019/20.

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

11.1 The Council routinely receives bank reconciliations which are verified by inspection by Councillors of the relevant bank statement.

11.2 The Lloyds Bank Treasurer's (Current) Account statement as at 31 March 2021 reconciled to the End-of-Year accounts and agreed with the overall Bank Reconciliation.

**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 in good order. Sample audit trails were undertaken and were found to be in 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.

13.2 The Council continued to make payments by cheque until August 2020, when payments through on-line banking commenced.

13.3 The nominated Councillor reviews and signs the financial paperwork in her role for the overseeing of administration, finance and policies.

13.4 At its meeting on 9 July 2020 the Council noted that an online bank account had been put in place with the three signatories all able to access the account, the RFO holding administrative access. The Council agreed to operate both its bank accounts in parallel for a period of time to ensure transactions were being processed satisfactorily (Minute 6.1 refers). The Council provided suitable delegated authority to the Councillor RFO on 20 August to approve the transfer of funds between the Council's bank accounts to facilitate electronic payments with such transfers to be reported to the next Council meeting (Minute 7 refers).

13.5 At its meeting on 3 September 2020 the Council approved the closure of its old bank account and the transfer of sums to the newly opened account (Minute 9 refers).

13.6 The Council re-considered the access arrangements to the online bank account at its meeting on 7 January 2021 and agreed that the Clerk/RFO should have 'view only' access (Minute 10 refers).

13.7 Payments are listed in the Council's Minutes as part of the overall financial control framework. The Clerk/RFO has confirmed that Cheques and Cheque counterfoils raised were signed/initialled by relevant signatories, in accordance with the Council's Financial Regulations 6.4 and 6.5, during the period up to August 2020, when cheques were the method of payment.

13.8 The Internal Audit Report for the previous year, 2019/20 was dated 13 May 2020 and was completed by the Suffolk Association of Local Councils. The Report was received and agreed by the Council at its meeting on 15 June 2020 (Minute 6.4 refers) The Internal Audit Recommendations and Actions Plan was agreed at the meeting on 9 July 2020 (Minute 6.3 refers). The Report had put forward a number of recommendations:

- *The Council should clearly identify the power for making payments (including payments made under Section 137 of the Local Government Act 1972). (This has been addressed).*
- *The Council should receive a report submitted by the RFO as at 30 June, 30 September, 31 December which contains a statement to summarise (inter alia) receipts and payments for each quarter. (Budget monitoring reports are now routinely being presented to Council).*
- *Income should be included on the payment schedule and a Minute reference is made. (This issue has been addressed).*
- *Assets should be recorded at their actual purchase cost; a proxy cost may be applied only where the cost/value is not known; a separate column may also be used for the insurance value if appropriate. (agreed by the Council at its meeting on 15 June 2020. The Asset Register remains a mixture of valuations at cost and at insurance value).*

- *The Council ensures an independent annual inspection of play equipment takes place with a Minute reference made. (The Clerk/RFO has advised that this is no longer relevant as Play Equipment items are no longer the Council's responsibility and were removed from the Asset Register in January 2021).*
- *A financial report is given on bank balances at each meeting and forms part of the Minutes. (This has been addressed).*
- *For purposes of the Transparency Code, the Council publishes items of expenditure above £100 including recoverable and non-recoverable VAT. (Agreed by the Council at its meeting on 15 June 2020 and has now been addressed).*
- *The following policies should be put in place to meet the requirements of the General Data Protection Regulations: Audit/Impact Assessment Procedures for Subject Access Requests Procedures for Data Breaches Data Retention & Disposal Policies. (Agreed by Council at its meeting on 15 June and a number of GDPR Policies were adopted by the Council on 4 March 2021).*

13.9 The progress in addressing the actions arising from the 2019/20 Internal Audit was considered by the Council at its meeting on 4 March 2021 (Minute 12 refers).

13.10 At the meeting held on 4 March 2021 the Council also reviewed its Internal Audit Services, including the proposed terms of reference and the audit plan, and formally appointed the Internal Auditor for the year 2020/21 (Minute 13 refers). By reviewing the terms of reference and the draft plan, the Council followed good practice in accordance with the Governance and Accountability Guide in recognising internal audit's function to test and report on the Council's internal control arrangements.

#### **14. External Audit (*Exemption declared or any Recommendations put forward/ comments made following the Limited Assurance Review*).**

14.1 An External Audit was not required in the year 2019/20. At its meeting on 9 July 2020 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 6.2 refers).

14.2 For the year 2020/21 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 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**

**10 April 2021**