

## Internal Audit Report for Great Blakenham Parish Council for the period ending 31 March 2023

Clerk	Karen Grimwood
RFO (if different)	
Chairperson	Cllr Steve Plume
Precept	£48,478
Income	£65,818.88
Expenditure	£119,109.71
General reserves	£14,045.98
Earmarked reserves	£88,010 CIL Reserves £113,554.87
Audit type	Annual
Auditor name	<b>Sandra Brown</b>
	The internal auditor has noted the Council has experienced another difficult year with staffing issues. The internal audit reviews the actions of the Council with the information available to the internal auditor at the time of the review. Council will need to review and work through an audit plan which will take into account measures to ensure the matters raised are fully considered by Council at the earliest opportunity.

### 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 a monthly excel spreadsheet to form the basis of their accounting system. It provides data confirming the financial transactions of the parish council at any one point in time however the receipts and payments do not contain the matters to which they relate and are not well referenced to provide an effective tool for the basis of the council's internal controls. Comment: The internal auditor noted the final figure for income in the cash book was wrongly stated at £65,853.38 the figure should read £65,818.88 Comment: The internal auditor noted Council at a meeting on 12 January 2023 Council has agreed to the purchase of realtas software for accounting purposes to address this issue.
<i>Is the cash book up to date and regularly verified?</i>	Yes	This provides evidence to support the Council's underlying statements.
<i>Is the arithmetic correct?</i>	Yes	Accounting records were spot checked – they identify expenditure and income at any given point.
<b>Additional comments:</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.		
		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	<i>At the meeting of 14 July 2022 the Council carried out an annual review of its Standing Orders. Use of the Model Standing Orders (produced by NALC in 2018)</i> <b>Comment:</b> <i>At the next review Council may wish to increase the procurement values (item 18 Financial Controls &amp; Procurement) updated on 1 January 2022</i>
Are Financial Regulations up to date and reviewed annually?	No	<i>No review of Financial Regulations were carried out in the year under review. The Council's Financial Regulations (produced by NALC 2019) were available on the Council's website.</i> <b>Recommend 1: Council carry out an annual review of Financial Regulations as per Council's own Standing Orders item J ix and Financial Risk Assessment.</b> <i>Comment: At the next review Council may wish to review the Procurement amendments (SI 2022/1390) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21 December 2022 and make the changes to the contract value limits from £25,000 to £30,000.</i>
Has the Council properly tailored the Financial Regulations?	Yes	<i>Financial Regulations have been tailored to the Council.</i>
Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	<i>In accordance with Section 151 of the Local Government Act 1972(d)(financial administration), the Clerk is the Responsible Financial Officer as per the Council's own Internal Control Statement which state the Clerk is the RFO.</i>
<b>Additional comments:</b>		

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





<b>Section 3 – Payment controls</b> 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	<i>Internal auditor commentary</i>	
Is there supporting paperwork for payments with appropriate authorisation?	<i>Partly Met</i>	<p><i>A selection of expenditure items were made and cross-checked against the cash book, invoices and bank statements. A financial report is presented to council at each meeting including direct debit payments. A list of payments due for settlement is presented to the meeting including retrospective payments with formal approval of such expenditure shown within the minutes which includes the relevant power which shows good practice. It was noted that a Business Credit Card was used to settle a number of financial transactions. However, upon review of a sample of payments made, there was a lack of sufficient detail confirming who had authorised the release of payment with a number of invoices not initialled.</i></p> <p><b><i>Recommend 2: Council should note the restrictions set for single transactions (card payment) is £50 unless there is prior authorisation by the Chair of the Council in writing /email before any order is placed. Council's own Financial Regulations 6.19 refers and procedures should be implemented to ensure that this system is followed.</i></b></p>
Where applicable, are internet banking transactions properly recorded and approved?	<i>No</i>	<p><i>It was noted Council commenced internet banking in January 2023 a list of payments due for settlement is presented to the meeting. However, upon review of a sample number of payments made, there was a lack of sufficient detail confirming Council had approved the release of payment. No evidence was provided showing which Councillors had approved payments.</i></p>



		<p><b>Recommend 3: Council follow its own Financial Regulations 6.15 and consider expanding its financial risk assessment to detail the terms of reference for such payments to be made. The 'two member signatures' control needs to remain in place until such time as the authority has put in place safe and efficient arrangements.</b></p> <p>Guidance from the NALC Finance and Audit Advisor has been that the over-riding requirement resulting from the abolition of S150 (5) is that each and every local council seeking to depart from the two-signature rule must 'implement and maintain robust controls on expenditure as an integrated part of their overall financial control system.' Council should note that whilst it is not a requirement that two people authorise electronic payments, Council should consider the appropriate systems, procedures and controls available by banking providers.</p>
Is VAT correctly identified, recorded, and claimed within time limits?	No	<p>From the spreadsheet supplied the internal auditor was unable to verify those payments to which VAT has been appropriately applied. No VAT claim had been made or received in the year under review.</p> <p><b>Comment:</b> In accordance with legislation, Council should note that in order to be able to recover the VAT it has incurred on its non-business activities it must have placed the order, received the supply, received a tax invoice addressed to the parish council and paid the invoice direct from its own funds. Council should ensure all claims are submitted within the prescribed timeframes.</p>
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	N/A	The General Power of Competence has not been adopted by Council.
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	<p>Payments for the year under review total £1,416.24 and are in accordance with statutory limits. The internal auditor noted a number of payments totalling £3,600 were incorrectly paid to football groups using S.137. Council should have used the Local Government (Miscellaneous Provisions) Act 1976 s.19</p>

<sup>2</sup> Localism Act

<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.

		<b>Comment:</b> Council may wish to contact SALC to confirm the correct powers are used.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	The Council does not operate a Public Works loan in the year under review.
<b>Additional comments:</b>		

<b>Section 4 – Risk management</b>		
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.		
<b>Evidence</b>		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Partly Met	A financial risk assessment, Cemetery & allotment risk assessments were submitted and covers in general terms the matters which could prevent a smaller authority from functioning. <b>Recommend 4: The documentation submitted for internal audit was dated March 2022. Council should ensure that the risks associated with the functioning of a smaller authority are reviewed annually and appropriate measures are in place to protect public money.</b>
<i>Is there evidence that risks are being identified and managed?</i>	Yes	The Financial, Cemetery & Allotment Risk Assessments documentation show consideration of financial and property risks to the Council and the actions and decisions Council needs to put in place during the year. It is noted the Council is not responsible for play equipment. <b>See Recommendation 3</b> <b>Comment:</b> Council needs to evidence on an annual basis that it has taken action to identify and assess risks and has considered what



		actions or decisions it needs to take to manage risks in order to avoid financial or reputational consequences.
<p><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></p>	<p><i>Partly Met</i></p>	<p><i>General Insurance from RSA Parish Protect for the period under review shows core cover:</i>  <i>Public Liability £10 million</i>  <i>Employment Liability £10 million</i>  <i>Fidelity Guarantee £50,000</i>  <b>Recommend 5: Council is not operating within the recommended guidelines which state that the level of Fidelity Guarantee should be at least the sum of year end balances plus 1<sup>st</sup> instalment of precept received. Council is advised to review the level of guarantee and take appropriate action to mitigate the risk identified.</b>  <i>Whilst Council approved the annual insurance renewal at a meeting of Council on 1<sup>st</sup> September 2022 there is no minute to show that Council conducted an annual review of matters concerning insurance and relevant cover required.</i>  <b>Comment:</b> <i>Councillors should be 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 referenced via a minute reference.</i></p>
<p><i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i></p>	<p><i>Partly Met</i></p>	<p><i>An internal control statement dated March 2023 was presented to the internal auditor however there is no minute reference to evidence that a review took place.</i>  <b>Recommend 6: Council should note the requirement, under the Accounts and Audit Regulations 2015, to have in place safe and</b></p>

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

		<p><b>efficient arrangements to safeguard public money. Council should take steps to ensure that it reviews its arrangements to protect public money during the coming year and minute that such a review has taken place.</b></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><i>There is no minute reference to evidence that the effectiveness of internal audit was reviewed during the year. The internal auditor notes a review of effectiveness of internal audit is included within the Internal Control Statement referenced above.</i></p> <p><b>Recommend 7: Regulation 6 of the Accounts and Regulations 2015 requires the smaller authority to conduct each financial year a review of the effectiveness of the system of internal control.</b></p> <p><b>Council is advised to answer in the negative to Assertion 2 of the Annual Governance Statement as it failed to carry out a review of the effectiveness of internal control.</b></p>
<p><b>Additional comments:</b></p>		

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<sup>5</sup> Practitioners Guide



<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		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Verify that budget has been properly prepared and agreed</i>	<i>No</i>	<p>The internal auditor was unable to verify that a budget had been approved. It was noted no Council minutes were available for the November 2021 meeting and the January 2022 meeting was cancelled due to being inquorate.</p> <p><b>Recommend 8: Council follows good practice in that recommended key stages of the budgetary process are as follows:</b></p> <ul style="list-style-type: none"> <li>- <b>decide the form and level of detail on the budget</b></li> <li>- <b>review the current year budget and spending</b></li> <li>- <b>assess levels of income</b></li> <li>- <b>bring together spending and income plans</b></li> <li>- <b>provide for contingencies and consider the needs of reserves</b></li> <li>- <b>approve the budget</b></li> <li>- <b>confirm the precept</b></li> <li>- <b>review progress against the budget regularly throughout the year</b></li> </ul> <p>At the meeting of 14 July 2022 Council agreed that a payment of £600 would be set for the Chairman’s Allowance.                      Comment: Section 15(5) of the LGA 1972 provides that Parish (and Town) Councils may for its Mayor (or Chair) ‘for the purpose of enabling him to meet the expenses of his office set such allowance as the Council think reasonable’.</p>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	<i>Partly Met</i>	<p>The precept for the year 2022/23 had not been submitted (due to lack of clerk) to the District Council at the appropriate time therefore the Chair had submitted the precept for the same amount as 2021/22 this was confirmed at a meeting of full Council on 10 February 2022 at the sum of £48,478.</p>

		<b>Recommendation: See section above.</b>
<i>Regular reporting of expenditure and variances from budget</i>	<i>Partly Met</i>	<p>A financial report is presented to Council at each meeting which includes current expenditure however there was no evidence presented of a quarterly report of expenditure and variances from budget.</p> <p><b>Recommend 9: As per Council's own Standing Orders at the end of each quarter a report includes a comparison with the budget for the financial year and highlights any actual or potential overspends.</b></p>
<i>Reserves held – general and earmarked<sup>6</sup></i>	<i>Yes</i>	<p>The Council's final accounts show general reserves in the sum of £14,045.98 and earmarked reserves in the sum of £88,010 and CIL reserves £113,554.87 with overall reserves standing at £215,610.85</p> <p>The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained between 3 and 12 months net revenue expenditure.</p> <p><b>Recommend 10: Council should note guidance as issued under the Practitioners Guide 2020 which states that an authority needs to have regards to the need to put in place a General Reserves Policy and reviewed the level and purpose of Earmarked Reserves.</b></p>
<b><i>Additional comments:</i></b>		

<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



<b>Section 6 – income controls</b>		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Is income properly recorded and promptly banked?</i>	Yes	A number of items of income were cross-checked against the cash book and bank statements and found to be in order. In accordance with proper practices the Responsible Financial Officer ensures that accounting records contain day to day entries of all sums of money and that income received is properly accounted for.
<i>Is income reported to full council?</i>	Yes	In accordance with the Council's Standing Orders.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The Council received precept of £48,478 during the year under review in April and September 2022.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?<sup>7</sup></i>	Yes	CIL funds received for the year under review show total receipts of £10,410.88 (£2,059.24 received 6.4.22 & £8,351.64 received 10.10.22) as reported to Council. In accordance with the Regulations the Council have received a proportion of CIL funds and ensured that retained balances are transferred to the earmarked reserves specifically allocated. The Council have complied with its duty to produce an annual report that details the amount of CIL funds received and spent however the report is incorrect as it has not included those CIL funds received in April 2022 of £2,059.24. The Council has demonstrated it understands the requirements to comply with its duty to produce an annual report that details the amount of CIL funds received and spent. The annual report for the year ending 31 March 2023 showing income received and retained balances was verified by the internal auditor and is available on the Council's website.  <b>Recommend 11: Council re-visits the CIL report for year ending 31 March 2023 to correctly include CIL monies received in April 2022 of</b>
<i>Is CIL income reported to the council?</i>	Yes	
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	
<i>Has an annual report been produced?</i>	Yes	
<i>Has it been published on the authority's website?</i>	Yes	

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

		<b>£2,059.24 and to therefore show a total of £113,554.87 CIL funds received.</b>
<b><i>Additional comments:</i></b>		



<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.		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Is petty cash in operation?</i>	<i>N/A</i>	Petty cash not used by Council.
<i>If appropriate, is there an adequate control system in place?</i>	<i>N/A</i>	
<b>Additional comments:</b>		

<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.		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Do all employees have contracts of employment?</i>	Yes	Council had two employee's and a locum clerks during the period under review. Employment contracts were not reviewed during the internal audit, but evidence confirms all salary payments are authorised by full Council. The remuneration payable to the employee has been approved in advance by the Council.
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	Yes	
<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	The payroll function is operated in accordance with HM Revenue and Customs guidelines. There were suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and associated liabilities and as such the Council has complied with its duties under employment legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	In accordance with proper practices, PAYE taxes and employee and employer National Insurance contributions (NIC) were calculated and recorded for the employee.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	Yes	Council is aware of its pension responsibilities with a pension scheme being considered for the new clerk at a Council meeting of 9 February 2023. No pension provision was provided in the year under review. <b>Comment:</b> Council should note that every three years when they complete their re-enrolment duties, they will also need to submit a re-declaration of compliance to tell the Pension Regulator what it has done at re-enrolment.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	<i>Any additional costs and expenses incurred are approved by Council.</i>
<b>Additional comments:</b> Council should be aware of the changes in the Practitioners Guide 2020 on the treatment of what can be included as employment expenses within the Annual Governance & Accountability Guide 2020		

<sup>8</sup> The Pension Regulator – [website click here](#)



**Recommend 12: Council is advised to revisit the draft Accounting Statements and ensure Box 4 includes gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments. Should adjustments be necessary, a corresponding adjustment will be required in Box 6.**

<b>Section 9 – Asset control</b>		
<b>Evidence</b>		Internal auditor commentary
<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>		
<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	<p>Declared value is £88,300.05 for the period under review. This showed an increase of £60,128.85 for the year under review. The asset register lists items under insurance that fall within the Council's remit for maintenance and ownership. The register states value as at the date of acquisition and where assets have been gifted or have an unknown value have been given an approximate value. Records of deeds, articles, land registry title number were not reviewed during the internal audit.</p>
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	
<i>Are records of deeds, articles, land registry title number available?</i>	Not covered	
<i>Is the asset register up to date and reviewed annually?</i>	Partly Met	
		<p>The asset register was up to date with the value of £88,300 which is declared as the Council's assets on the accounting statement of the AGAR. However, no evidence could be found that it had been reviewed by the Council confirming it covers assets within the ownership or responsibility of the Council.</p> <p><b>Recommend 13: Council review its asset register at least annually as in accordance with Council's own Financial Regulations.</b></p>

<sup>9</sup> Practitioners Guide

<i>Cross checking of insurance cover</i>	Yes	Insurance cover £50,000 is in accordance with the Policy held. Contents other (other property) are generic under heading within the 'All Risks Category' and have been given a value in accordance with the Policy held. <b>Comment:</b> At the next review Council may wish to ensure the insurance cover is adequate.
<b>Additional comments:</b> Council is mindful of the guidance in Governance and Accountability for Smaller Authorities for England (Marc 2019) regarding valuation of assets and 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.		



<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>		<b>Internal auditor commentary</b>
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	There is evidence of good financial practice with a financial report presented to Councillors at each meeting which includes bank reconciliation. 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.
<i>Do bank balances agree with bank statements?</i>	Yes	<i>Bank balances agree with period end statement and, as at year end (31 March) for the period under review the balance across the Council's accounts stood at £215,610.85</i> <i>Unity Trust current account £215,610.85</i> <b>Comment:</b> <i>It was noted Council changed banks in the year under review with the transfer of monies from Barclays Bank to the Unity Trust Bank: Barclays current account £202,866.86 transferred on 21.2.23</i> <i>Barclays savings account £15,836.26 transferred on 6.3.23</i>
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Financial reports are submitted to the Council at each meeting which include bank balances. 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. <b>Comment:</b> Council may wish to include the financial report within the minutes or append to the minutes for greater transparency.

<b>Section 11 – year end procedures</b>		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and payments basis.
<i>Financial trail from records to presented accounts</i>	Yes	The end of year accounts and supporting documentation were presented for the internal auditor review.
<i>Has the appropriate end of year AGAR<sup>10</sup> documents been completed?</i>	Yes	The Council is a smaller authority with gross income and expenditure exceeding £25,000, it has completed Sections 1 and 2 of Form 3 of the AGAR and are unsigned at the time of internal audit. <b>Recommend 14 Section 1 - Annual Governance Statement Council is advised to revisit Assertions 2, 4, 6 and 7 to answer in the negative. Section 2 – Accounting Statements Council is advised to revisit and amend as necessary:</b> <b>Box 2 £50,537 this should only include the precept received of £48,478</b> <b>Box 3 to reflect the above amendment</b> <b>Box 4 see recommendation 12</b> <b>Box 7 &amp; 8 This shows a figure of £215,577 this figure should reflect the bank reconciliation at year end which has not been presented to the internal auditor however the bank account at year end was £215,610 (rounded) with unrepresented payment/s of £34 would give a figure of £215,577</b>
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	N/A	As the Council was a smaller authority with a gross income and expenditure exceeding £25,000 for the year 2021/22 it was unable to certify itself as an exempt authority.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of</i>	No	The minutes of the Council meeting of 1 <sup>st</sup> September 2022 evidence that the notice for the exercise of public rights to be advertised on the

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



<p><i>public right as required by the Accounts and Audit Regulations 2015?</i></p>		<p>noticeboard of the parish. The internal auditor was unable to find a copy on the smaller authority's website.  <b>Recommend 15: Under the Accounts and Audit Regulations 2015 authorities must publish the Notice of the period for the exercise of public rights on the Authorities website before 1 July 2022.</b></p> <p><b>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.</b></p>
<p><i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i></p>	<p>No</p>	<p>The Council has not complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with an income and expenditure exceeding £25,000 and published the following on their public website by <b>1 July 2022</b>:</p> <ul style="list-style-type: none"> <li>Internal Audit Report of the AGAR</li> <li>Section 1 – Annual Governance Statement of the AGAR</li> <li>Section 2 - Accounting Statements of the AGAR</li> <li>Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015</li> <li>Not later than 30 September 2022:</li> <li>Notice of conclusion of audit</li> <li>Section 3 – External Auditor Report and Certificate</li> <li>Sections 1 and 2 of the AGAR including any amendments as a result of the limited assurance review.</li> </ul>
<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	The Internal Auditor's Report for the year ending 31 March 2022 has not been presented to and reviewed by the Council.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	No	The following recommendations were raised in the internal audit report 2012-22: Recommendation 1: Authorisation of payments evidence retained: Partly Met Recommendation 2: Debit Card prior authorisation: Not actioned Recommendation 3: Level of Fidelity Guarantee: Not actioned Recommendation 4: Internal Controls review: Not actioned Recommendation 5: Review of effectiveness of internal audit: Not actioned Recommendation 6: Reserves policy: Not actioned Recommendation 7 & 8: AGAR Accounting Statement review: Recommendation 9: AGAR Annual Governance Statement: Not actioned Recommendation 10: Annual Governance Statement 2022-23: Not evidenced Recommendation 11: Appointment of internal auditor: Not actioned Recommendation 12: Action Plan for recommendations: Not actioned Recommendation 13: Minutes of 11 November 2021 meeting Recommendation 14: GDPR: Not actioned
<i>Has the Council confirmed the appointment of an internal auditor?</i>	No	No minute reference was evidenced Council had confirmed the appointment of SALC as the internal auditor for the year 2022-2023. <b>Recommend 16: Council should be mindful of non-statutory guidance for the appointment of an internal audit as covered under 4.8 – 4.13 of the Governance &amp; Accountability for Smaller Authorities in England and ensure that full Council approves such appointments once the scope of internal audit has been agreed.</b>



***Additional comments: Recommend 17: Following the completion of the internal audit, Council should be aware that it receives a report from the internal auditor and a minute reference is made, it should consider the matters included in that report and decide what action it needs to take to prevent recurrence of the issues raised and a minute reference is made. Internal and external audit reports should inform the council's response to Assertion 2 & 6 of the Annual Governance Statement. As this internal audit report has identified areas for development, Council should ensure that it produces an action plan with proposed remedial actions and the deadlines for completion of those actions.***

<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	There is no minute to confirm that the Council considered the report from the External Auditor for the year ending 31 March 2022.
<i>Has appropriate action been taken regarding the comments raised?</i>		<p>The following matters were raised by the external auditor:</p> <ul style="list-style-type: none"> <li>- Failed to approve the AGAR in time to publish it before 1 July 2022 and did not disclose this by answering 'No' in Section 1, Box 1</li> <li>- Was issued a public interest report (PIR) for non-submission of the AGAR for 2020/21 year on 4/2/22. Where a PIR is issued, the Local Audit &amp; Accountability Act 2014 requires the authority to consider the PIR at a public meeting within one month of the date it was issued. The smaller authority did not provide evidence that a public meeting was held. Hence the response to Section 1, Assertion 3 should have been 'No'.</li> <li>- Section 2 has not been prepared in accordance with proper practices. The Chair has signed Section 2 twice, as RFO and as Chair. If the Chair has temporarily been acting as RFO, then another member should sign on behalf of the smaller authority. Please ensure that an RFO is appointed in line with section 151 of the LGA 1972 as soon as possible.</li> <li>- Section 1, Assertion 4 has been incorrectly completed, the response should be 'No'. The smaller authority was issued a PIR for 2020/21 and therefore did not make proper provision during the year 2021/22 for the exercise of public rights. This is consistent with the Internal Auditor's response to Internal Objective M.</li> </ul> <p>Other matters not affecting our opinion which we draw to the attention of the authority:</p> <ul style="list-style-type: none"> <li>- In the prior year, the smaller authority did not submit an AGAR for our review and we issued a PIR regarding this failure. As a result, we have not reviewed any evidence to support the prior year comparatives on the AGAR</li> </ul>

<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.



		<ul style="list-style-type: none"><li>- We note that the smaller authority did not comply with Regulation 15 of the Accounts &amp; 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 and the approval date was after the start of the period. 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.</li><li>- The smaller authority has not provided an adequate explanation for the variance between the prior and current year values in Boxes 3,4 and 7 of Section 2</li><li>- The internal auditor is not independent of the financial decision making, management and control of the smaller authority and the smaller authority must disclose this by answering 'No' to Assertion 6 of the Annual Governance Statement on the 2022/23 AGAR. The individual who carried out the internal audit was the Clerk &amp; RFO during the same period. In future years, the smaller authority must maintain an independent system of internal audit of the accounting records and control systems.</li><li>- The smaller authority should ensure that it has regard to the level of reserves held when considering future precept requests. Any earmarked reserves should be considered and formally approved by the smaller authority.</li></ul>
<p><b><i>Additional comments: Recommend 18: Council should evidence via a minute reference that the Council has received the report from the External Auditor and has produced an action plan to address the issues raised within the audit letter and certificate.</i></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.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> <sup>13</sup>	Yes	The Annual Meeting of the Council was held on 12 May 2022 and the first item on the agenda was the election of the Chair.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	Yes	Minutes are available on the Council's website and clearly document the approval of the previous minutes and that they are duly signed.
<i>Absence is approved?</i>	Yes	Absence was approved (if appropriate)
<i>Is there a list of members' interests held?</i>	Yes	A list of members interests are available to view on the website of Mid Suffolk District Council however there is no direct link from the Councils website.
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	Council does not have any Trustee responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	No	Councils should be aware that Councils with income over £25,000 but under £200,000 will be expected (but are not legally required to do so) to follow the Local Government Transparency Code 2015 (turnover exceeding £200,000). Comment: To ensure full compliance with the requirements of the Local Government Transparency Code 2015 (turnover exceeding £200,000), the following information should be published in accordance with the required timescales: Quarterly: Individual items of expenditure that exceed £500 (currently published on an annual basis); Government Procurement Card transactions; Invitations to tender for contracts over £5,000; Details of contracts that exceed £5,000

<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



		Annually: Details of all land and building assets; Grants to Voluntary, Community and Social Enterprise Organisations.
<i>Has the Council registered with the Information Commissioner's Office (ICO)?<sup>15</sup></i>	Yes	The Council is correctly registered with the ICO as a data controller in accordance with legislation – ZA238658
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Partly Met	The Council has taken steps to ensure compliancy however such documentation is limited – evidenced as follows: General Privacy Notice Staff, Councillors and Role Holders Privacy Notice Freedom of Information Policy <b>Recommend 19:</b> Council puts in place the following: Procedures for dealing with Subject Access requests Procedures for dealing with data breaches Data retention policy including disposal
<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i>	Yes	Council has published on its website a website accessibility statement – Regulation 8 of the Public Sector Bodies (websites and mobile applications) (No2) Accessibility Regulations 2018.
<i>Does the council have official email addresses for correspondence?<sup>17</sup></i>	Yes	Council has an official email address: pc@greatblakenham.suffolk.gov.uk
<i>Is there evidence that electronic files are backed up?</i>		The internal auditor presumes all electronic files are backed up.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	Council does not operate a committee system.
<b>Additional comments:</b> The Internal Auditor has noted a new Clerk/RFO took up post in January 2023 and is starting to put together policies and procedures in place for the Council moving forward.		

Signed: S.J. Brown

Date of Internal Audit Report: 10<sup>th</sup> May 2023

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

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

<sup>17</sup> Practitioners Guide

SALC Internal Audit Report template (v.3)  
Last reviewed: 30<sup>th</sup> January 2023

On behalf of Suffolk Association of Local Councils