

## **Report to Kedington Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2023**

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

1.1 During the 2022/23 year the Parish Council maintained effective governance arrangements including a robust framework of financial administration and internal control. The Internal Audit review has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.2 By examination of the 2022/23 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 All documents were very well presented for the review by Internal Audit.

1.4 The Accounts for the year confirm the following:

<i>Total Income for the year:</i>	<i>£89,255.39 (Boxes 2 and 3 below)</i>
<i>Total Expenditure in the year:</i>	<i>£90,080.03 (Boxes 4, 5 and 6 below)</i>
<i>Total Reserves at year-end:</i>	<i>£85,328.43</i>

1.5 The Annual Governance and Accountability Return (AGAR) to be submitted to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £86,153</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £81,570</i>
<i>Total Other Receipts:</i>	<i>Box 3: £7,685</i>
<i>Staff Costs:</i>	<i>Box 4: £27,745</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £62,335</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £85,328</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £85,328</i>
<i>Total fixed assets:</i>	<i>Box 9: £282,517</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.6 Sections One and Two of the AGAR are due to be approved and signed by the Council at a forthcoming meeting. The Internal Auditor has completed the Annual Internal Audit Report 2022/23 within the AGAR.

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

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

2.1 The Annual Parish Council meeting took place on 17 May 2022. The first item of business was the Election of a Chair, as required by the Local Government Act 1972. In meeting its overall governance responsibilities, the Council discussed and agreed Councillor appointments and responsibilities for the year 2022/23 (Minute 8 refers).

2.2 The Council agreed on 18 January 2022 that the last Finance Committee meeting should take place in March 2022 and that all financial matters would then be included in the Parish Council meeting from April 2022 onwards (Minute 7.4 refers).

2.3 A Responsible Financial Officer is in place. Mr John Boxall was formally appointed by the Council on 27 April 2021 (Minute 5 refers). The Council is demonstrating good employment practice by supporting the Clerk/RFO in his studies for the Certificate in Local Council Administration (the Council meeting on 15 November 2022, Minute 8.1 refers)

2.4 The Council has Standing Orders in place. Following an amendment, the Standing Orders were considered and adopted by the Council at its meeting on 17 May 2022 (Minute 12.6 refers). A copy has been published on the Council's website. The thresholds in the Regulations at item 18f are subject to change from time to time and will require to be updated at when the Regulations are next reviewed.

2.5 The Council's Financial Regulations were considered and approved by the Council on 21 March 2023 and revised on 18 April 2023 at item 2.2 to state '*At each meeting of the Parish Council and at each financial year end, the Clerk/RFO shall produce a bank reconciliation, a list of payments and receipts and a net position for review and verification by the Councillors. These shall be recorded within the Minutes of the relevant meeting.*' Item 6.3 was amended to include the wording '*In the event that payment is to either the Clerk/RFO or the Chair then another Councillor must check that transaction.*' A copy of Financial Regulations has been published on the Council's website. The thresholds in the Regulations are subject to change from time to time and will require to be updated at the footnote at item 11.1 when the Regulations are next reviewed.

2.6 The Council's Minutes are extremely well presented and provide clear evidence of the decisions taken in the year. The Council demonstrates good practice by promptly publishing a draft copy of the Minutes following a meeting of the Council. Each page of the Minutes is consecutively numbered and signed/initialled by the Chair of the meeting at which the Minutes were approved.

2.7 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 ZA160422, expiring 21 January 2024). To assist in the compliance with the General Data Protection Regulations (GDPR) the Council reviewed and adopted a Data Protection and Privacy Policy and a Document and Data Retention and Destruction Policy at the meeting on 17 May 2022. A General Privacy Policy, a Freedom of Information Policy and a Subject Access Request Procedure have also been adopted by the Council.

2.8 As part of the process to review Policies, Procedures and Protocols, the Council reviewed and adopted a Co-option Policy and a Grievance Policy on 19 April 2022. A Grant Award Policy was reviewed and adopted at the meeting on 17 May 2022 and amended on 6 September 2022. Similarly, the Complaints Procedure, Dignity at Work Policy, Disciplinary Policy, Equality and Diversity Policy, Safeguarding Policy and the Sickness Absence Policy were reviewed and agreed by the Council on 7 February 2023. The Policies have been published on the Council's website.

2.9 The Clerk/RFO maintains a list of the Policies and Procedures in place in order to schedule the review of each document by the Council.

2.10 A Freedom of Information Policy (incorporating a Publication Scheme) was adopted by the Council on 19 April 2022. A copy of the document has been published on the Council's website.

2.11 In accordance with the Localism Act 2011, at the meeting on 17 May 2022 the Council resolved to adopt the Local Government Association (LGA) Model Councillor Code of Conduct 2020 for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. A copy of the Code has been published on the Council's website.

2.12 The Council's website is hosted by Suffolk Cloud. The Council has published an Accessibility Statement on its website to assist compliance with the Website Accessibility requirements. The Accessibility Statement was reviewed and agreed by the Council on 17 May 2022.

### **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 Scribe accounting system was in operation during the year 2022/23. Scribe is a cloud-based operating system, accessed by personal log-in and password, and can be accessed through any internet platform and connection. The Scribe Accounting System is providing appropriate and sufficiently detailed information to Councillors to enable them to make informed decisions.

3.2 The Transactions Lists (Payments and Receipts) within Scribe are well referenced and provide a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. VAT payments are tracked and separately identified. A sample of transactions within the Transaction Lists (Payments) was

closely examined and all were found to be in order with supporting invoices/vouchers in electronic form in place.

3.3 Payments made under the Local Government Act Section 137 are separately identified in the accounts.

3.4 VAT Returns were submitted regularly and promptly to HMRC during the year. The reclaims are being made Quarterly as follows:

- a) The reclaim of £1,315.05 for Quarter 4 2021/22 (the period 1 January 2022 to 31 March 2022) was submitted to HMRC on 11 April 2022 and received at bank on 28 April 2022.
- b) The reclaim of £1,103.33 VAT for Quarter 1 (the period 1 April 2022 to 30 June 2022) was submitted to HMRC on 14 July 2022 and received at bank on 29 July 2022.
- c) The reclaim of £3,175.54 VAT for Quarter 2 (the period 1 July 2022 to 30 September 2022) was submitted to HMRC on 7 October 2022 and received at bank on 25 October 2022.
- d) The reclaim of £811.47 VAT for Quarter 3 (the period 1 October 2022 to 31 December 2022) was submitted to HMRC on 10 January 2023 and received at bank on 20 January 2023.

3.5 At the Council's meeting on 18 April 2023 the Clerk/RFO reported that the 2022/23 Quarter 4 VAT claim totalling £1,211.21 was submitted to HMRC on 4 April 2023 and was received on 14 April 2023.

**4. 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).**

4.1 End-of-year Accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were examined and all were found to be in good order.

4.2 A Statement of Analysis of Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) is produced by the Scribe accounting system and narrative explanation for any variances with supporting detailed figures can be added. A model Statement can be obtained from the PKF Littlejohn LLP website and once completed has to be submitted to the External Auditors with the AGAR 2022/23 and published on the Council's website.

**5. Bank Reconciliation (Regularly completed and cashbooks reconcile with bank statements).**

5.1 Bank Reconciliations are completed by the Clerk/RFO on a regular and routine basis. The Bank Statements as at 31 March 2023 for the Barclays Bank Account (£18,815.20) and NatWest Account (£66,513.23) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation for all accounts.

5.2 During 2022/23 the Clerk/RFO presented detailed bank account information to each meeting of the Council. The Finance Committee was dissolved following its meeting on 1 March 2022 and the Full Council took responsibility of considering all financial information.

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

Precept 2022/23: £81,570 (Council meeting on 21 December 2021, Minute 7.2).

Precept 2023/24: £85,576 (Council meetings on 20 December 2022, Minute 6.4 and 7 February 2023, Minute 6.2 refer).

6.1 Comprehensive budgetary procedures are in place. The Precept decisions have been agreed in Full Council and the amounts have been clearly Minuted. The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.2 With regards to the year 2022/23, at its meeting on 14 December 2021 the Finance Committee received budget statements effective to that date. The Committee considered the budget/precept in principle for the year 2022/23 for presentation to Full Parish Council. At its meeting on 21 December 2021 the Council agreed a Precept of £81,570.00 for the year 2022/23 (Minute 7.2 refers).

6.3 The Budget papers for 2022/23 were sufficiently detailed and well prepared to ensure that Councillors had sufficient information to make informed decisions. The estimates were used effectively for financial control and budgetary control purposes. Detailed reports were presented to the Council comparing Budget to the Expenditure incurred. The Financial and Budget Statements 2022/23 were routinely presented to the Council.

6.4 At the meeting on 20 December 2022 the Council finalised and agreed the Budget and Precept for the financial year 2023/2024. Following an informal meeting on 30 November 2022 the Clerk/RFO had subsequently emailed draft budgets to Councillors. At the meeting on 20 December 2022 the Council agreed that the precept demand for the financial year 2023/2024 would be set £85,576.40 (subsequently rounded down to £85,576 and confirmed at the meeting on 7 February 2023 (Minute 6.2 refers).

6.5 The Clerk/RFO provides the Council with updates on the position regarding Reserves held and funds Earmarked for future use. The Clerk/RFO explained to the Internal Auditor that the Council's Barclays Bank account holds the Precept and the NatWest holds both the General and the Earmarked Reserves. As at 31 March 2023 the balance of the Barclays account was £18,815.20 (called the 'general fund' on the Reserves Balance report) and the balance of the NatWest account was £66,513.23 (called the 'total reserve' on the Reserves Balance report). The latter was made up of £20,751.37 held in all the Earmarked Reserves and £45,761.86 held as the General Reserve.

6.6 It was confirmed that as at 31 March 2023 the Council had sufficient Overall Reserves and Contingency Funds available to meet, within reason, any unforeseen items of expense that may occur.

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

7.1 A Fire Risk Assessment for the Parish Council Office was reviewed and agreed by the Council at the meeting on 19 April 2022.

7.2 The Statement of Internal Control was reviewed and approved by the Council at its meeting on 21 March 2023 (Minute 8.5 refers). The Report states that the Council has appointed a non-signatory Councillor to conduct a review of the system of internal control by undertaking the listed tests on an annual basis with a written report of any findings to be submitted to the Council and Minuted as received. The Council noted at its meeting on 21 March 2023 that the nominated Councillor had signed off the Internal Control Report on the 17 March 2023 with no issues of concern arising.

7.3 The Effectiveness of Internal Control/Management of Risk and Internal Audit documentation was considered, amended and approved by the Council at its meeting on 21 March 2023 (Minute 8.4 refers). The documents identify the risks to the Council, the level of risk and the internal controls in operation to manage and mitigate the risks identified.

7.4 The Financial Management Risk Assessment was considered and approved by the Council at the meeting held on 21 March 2023 (Minute 8.2 refers).

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

7.6 Operational Inspections of the play equipment are arranged on behalf of the Council by West Suffolk Council and are being undertaken on a monthly basis by the Play Inspection Company. The Council confirmed in 19 April 2022 that it would continue with the Play Inspection Service Level Agreement.

7.7 During 2022/23 the Monthly Play Inspection Reports were presented to the Council and remedial action, where necessary, agreed and Minuted. Items identified in the Reports requiring repair/improvement are considered and action agreed. The monthly 'Operational Inspections' look in detail at the condition of the equipment; providing a quality control check and identifying wear and tear on the equipment. An 'Annual Inspection' (which identifies any long-term structural problems, standards compliance and design, along with risk assessments and to cover the overall safety of the playground) was completed by the Play Inspection Company on 5 August 2022.



7.8 Insurance was in place for the year of account. At the Council's meeting on 6 September 2022 the Clerk/RFO reported upon the insurance renewal under the Pen Underwriting Limited 3-year long term agreement. The renewal premium for 2022/23 was at a cost of £2,283.92. The Policy is provided by AXA Insurance and runs from 1 October 2022 to 30 September 2023. The Air Memorial was later added to the Council's insurance cover with the payment of the £57.52 premium ratified by the Council on 15 November 2022.

7.9 The Employer's Liability cover and the Public Liability cover each stand at £10m. The level of Fidelity Guarantee (Councillor/Employee Dishonesty) insurance stands at £150,000 and meets the current recommended guidelines of at least the sum of the year-end balances plus 50% of the precept/grants.

**8. Income controls (*Regarding Precept and other income, including credit control mechanisms*).**

8.1 Sample audit trails were examined using the details displayed in the Scribe Transactions List (Receipts). Overall income controls were reviewed on a test-check basis; a sample of income received was cross referenced with the bank statements and with supporting paperwork and found to be in order.

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

9.1 A Petty Cash system is not being used and a debit/credit card is similarly not in use. Expenses are reclaimed, approved by the Council and payment made on-line in accordance with the agreed procedure.

**10. Payroll controls (*PAYE and NIC in place; compliance with HMRC procedures; records relating to contracts of employment*).**

10.1 Payroll Services are being operated in-house; the Council operated Real Time Information during the year in accordance with HMRC regulations. PAYE payments have been made to HMRC in the year.

10.2 A Contract of Employment dated 26 April 2021 is in place for the Clerk/RFO and confirms the starting salary and the working hours of 105 per month. The Clerk/RFO confirmed that the working hours were increased to 140 per month following the 2022 annual appraisal of the post.

10.3 At the meeting on 15 November 2022 the Council noted the National Salary Award for 2022/23 and agreed the revisions in salary and annual leave as they applied to the Clerk/RFO (Minute 6.7 refers). As at 31 March 2023 the Clerk/RFO was paid at NJC SCP 25 for 140 working hours per month.

10.4 At the Council's meeting on 7 February 2023 the Council reviewed the salary for the Village Cleaner for 2023/24 in the light of the National Minimum Wage from 1 April 2023 for those aged over 23 years. The Village Cleaner's pay is based on the

minimum wage and the Council agreed that the Village Cleaner's wage should rise accordingly with effect from 1 April 2023 (Minute 6.6 refers).

10.5 With regard to the legislation for workplace pensions, a declaration of compliance with the Pensions Act 2008 was submitted by the Clerk/RFO to the Pensions Regulator on 6 June 2022 to confirm pension eligibility for employees. (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).

**11. Asset control and valuation (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

11.1 A comprehensive Asset Register is in place. The Register was reviewed and agreed by the Council at its meeting on 21 March 2023 (Minute 6.3 refers). The Council agreed that the following floor and land surfaces items should be excluded from the Asset Register and other items deleted/amended and the Council's insurers advised accordingly:

- a) Remove new rubber mulch play surface on Old School Playing Field (£1,740.00).
- b) Remove wet pour safety surfacing on Old School Playing Field (£6,815.00).
- c) Remove play safety surfacing on Old School Playing Field (£7,626.00).
- d) Remove basketball/Siena goal surface on Old School Playing Field (£2,578.80).
- e) Remove office and meeting room floor tiles in the Parish office (£440.00).
- f) Amend wooden bench (donated) on Riverside Walk (The Cut) from £790.00 to a nominal £1.00 as it appears to have been a donation/gift.
- g) Clerk advised that the Silver Street Park path is also on the Asset Register with a valuation of £6,220.00. Clerk reminded Councillors that the straight path through the Park is owned by Suffolk County Council under Title number SK4896.

11.2 The Asset Register displays a value of £282,517 as at 31 March 2023, a net decrease of £24,279 in the value of £306,796 listed in the AGAR at the end of the previous year. Acquisitions in the year included:

Air Memorial (nominal value):	£1 (17 September 2022)
Dog Bins:	£567 (19 May 2022)

11.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year on year. The Register displays the original purchase cost or, where the original purchase price is unknown, a proxy cost or a nominal value which will remain unchanged until disposal.

11.4 Box 9 in Section 2 of the AGAR (Annual Return) has correctly recorded the value of assets as at 31 March 2023.

11.5 The Council noted at its meeting on 20 July 2021 that the Royal British Legion Hall had been added to the list of Assets of Community Value (listing assets upon which the Council has first option to purchase should the assets enter the sale



market). The Clerk/RFO confirmed to the Internal Auditor that no further assets have since been added to the list.

**12. 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).**

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides detailed financial reports to Council meetings to ensure that Councillors are provided with adequate financial information and data to enable them to make informed decisions. The Payments Lists and Receipts Lists are approved by the Council and published on the Council's website under the Accounts for the applicable year.

12.2 The Council maintained adequate financial control during 2022/23. The Clerk/RFO provided comprehensive financial reports to the Council, including monthly breakdowns of receipts and payments, summaries of payments and Payment Lists, with an up-to-date Bank Reconciliation, all of which are published on the Council's website. Following consultation with the Internal Auditor in February 2023, the Clerk/RFO reported to Council on 21 March 2023 that he planned to include the list of Payments and Receipts as an Annex to the Minutes of Council meetings (with effect from the March 2023 meeting of the Council) to provide confirmation of the payments agreed, and receipts noted, by the Council at each meeting. The Council supported the Clerk/RFO's suggested action (Minute 6.1 refers).

12.3 At its meeting on 21 March 2023 the Council adopted the Internet Banking Policy which provides that:

- a) All invoices for payment will be verified for accuracy by the Clerk/RFO.
- b) All payments will be made using online banking unless, under exceptional circumstances, a cheque is required. Councillors must be informed of this. This must be authorised by at least two signatories.
- c) The Clerk/RFO will raise the request for authorisation for payment.
- d) A Councillor will check the invoice on Scribe Accounts System. If a Councillor is unable to access Scribe Accounts System, then the invoice will be emailed to the authorising Councillor.
- e) An authorised Councillor will then authorise the payment(s) online.
- f) Each month the Clerk/RFO will prepare a full payment and receipt list, bank reconciliation and budget report documents and present to full Council.

12.4 The Internal Audit Report for the previous year (2021/22) was received by the Council at its meeting on 17 May 2022 (Minute 10.2 refers). The Report raised no matters of concern and confirmed that during 2021/22 the Council had maintained effective governance arrangements and financial administration and control.

12.5 The List of Regular payments for 2022/23 was approved by the Council on 22 March 2022. Similarly, the List of Regular payments for 2023/24 was approved by the Council at the meeting held on 7 February 2023.

12.6 The Internal Auditor for the 2022/23 year was appointed by the Council at its meeting on 7 February 2022 (Minute 6.3 refers).

**13. Responsibilities as a Trustee (*Regarding the Council's role and responsibilities under the Charity Acts; submission of returns to Charity Commission*).**

13.1 The Council has no Sole Trustee responsibilities.

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

14.1 The Council noted at the meeting on 17 May 2022 that there was a variance in the accounts due to the Council changing its accounting approach from Income and Expenditure in 2020/2021 to Payments and Receipts in 2021/2022. Following the Clerk/RFO consulting the External Auditors, the Council resolved to submit the AGAR as it stood with an explanation of the variance. This would result in the Council's record having an "except for" entry attached to it relating to the variance.

14.2 The Report and Certificate from the External Auditor, PKF Littlejohn LLP, for the year 2021/22 was received by the Council at its meeting on 18 October 2022. The Report raised some issues regarding the comparative figures for the previous year and listed some amendments to Boxes 2 and 3 in the 2021/22 figures. The Councillors noted they had been expecting the contents of the Section 3 as it had been discussed at the meeting on 19 July 2022; that they had no concerns and did not consider that any further action was necessary.

14.3 Similarly, regarding the External Auditors' comment that Boxes 2 and 3 should be amended, the Clerk/RFO advised the Council that the two sets of figures total the same amount and it was not clear why the External Auditors should consider they should be amended. The Council again deemed that no further action was necessary.

**15. Publication Requirements.**

15.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website:

Notice of the period for the exercise of Public Rights.  
AGAR - Sections 1 and 2.

15.2 Following the completion of the External Audit:

**TREVOR BROWN CPFA**  
**Internal Audit Services**  
**Charnwood, California, Woodbridge, Suffolk IP12 4DE**  
**Tel: 01394 384698 or 07587 523764**  
**Email: tadbrown01@yahoo.co.uk**

Notice of Conclusion of Audit

AGAR - Section 3

AGAR - Sections 1 and 2 including any amendments as a result of the Limited Assurance Review (the Council decided on 18 October 2022 that no further action regarding amendments was necessary).

15.3 The Clerk/RFO advised the Council on 19 July 2022 that the Notice of Inspection of accounts had been posted on the website and noticeboards and that the Inspection period was between 1 July 2022 and 11 August 2022.

15.4 The Internal Auditor was able to confirm that the documents relating to the year 2021/22 were readily accessible on the Council's website:

<https://www.kedington.suffolk.cloud/>

**16. Additional Comments.**

16.1 I would like to record my appreciation to the Clerk to the Council for his assistance during the course of the audit work and for the orderly and careful presentation of documents and data for audit examination.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**11 May 2023**