

## **Report to Kedington Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2024**

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

1.1 The Internal Audit work undertaken confirmed that during the 2023/24 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.

1.2 The Internal Auditor attended the Council's Offices on 13 May 2024 to complete the End of Year Internal Audit review following work undertaken remotely/electronically in preparation for the completion of the review.

1.3 By examination of the 2023/24 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), undertook the administration of the Council's financial affairs at a high standard and produced financial management information to enable the Council to make well-informed decisions.

1.4 Most documents and information are held electronically and all were very well presented for the review by Internal Audit.

1.5 The Accounts for the year confirm the following:

*Total Receipts in the year:* £91,315.69 (Boxes 2 and 3 below)  
*Total Payments in the year:* £94,090.40 (Boxes 4, 5 and 6 below)  
*Total Reserves at year-end:* £82,553.72

1.6 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 2023/24 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £85,328</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £85,576</i>
<i>Total Other Receipts:</i>	<i>Box 3: £5,740</i>
<i>Staff Costs:</i>	<i>Box 4: £34,996</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £59,094</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £82,554</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £82,554</i>
<i>Total fixed assets:</i>	<i>Box 9: £284,749</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 by the Council at a forthcoming meeting. The Internal Auditor has completed the Annual Internal Audit Report 2023/24 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 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 16 May 2023. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 In meeting its overall governance responsibilities, on 16 May 2023 the Council discussed and agreed Councillor appointments and responsibilities for the year 2023/24 (Minute 7 refers) and were reviewed on 20 June 2023 (Minute 6 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 19 September 2023, Minute 13.3 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) with a review date of May 2024. 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.

2.5 At its meetings on 20 June 2023 and 26 March 2024 the Council amended item 11 of the Council's Financial Regulations to reflect the change in thresholds where councils intend to procure or award contracts. The National Association of Local Councils (NALC) has recently published updated model Financial Regulations for consideration and approval by local councils.

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 2025). To assist in the compliance with the General Data Protection Regulations (GDPR) the Council has adopted a Data Protection and Privacy Policy and a Document and Data Retention and Destruction Policy. A Subject Access Request Procedure was reviewed and

agreed by the Council on 18 April 2023. A General Privacy Notice was similarly approved by the Council on 16 April 2024.

2.8 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.

2.9 As part of the process to review Policies, Procedures and Protocols, the Council reviewed and adopted the Playground and Play Areas Risk Management Policy on 16 January 2024 and the Expenses Policy on 20 February 2024. The Safeguarding Policy, Health and Safety Policy and the Internet Banking Policy were adopted by Council on 26 March 2024 and the Co-option Policy and Grievance Procedure on 16 April 2024. The Grant Award Policy, Complaints Procedure, Dignity at Work Policy, Disciplinary Policy, Equality and Diversity Policy and the Sickness Absence Policy are also in place having previously been adopted by the Council,

2.10 A Freedom of Information Policy (incorporating a Publication Scheme) was adopted by the Council on 16 April 2024. 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.

2.13 At the meeting on 19 September 2023 the Clerk/RFO advised that there is a change within the Practitioners' Guide 2023 which is mandatory for the 2023/24 period. Paragraph 1.26 relates to the requirements in relation to "Assertion 3 - Compliance with laws, regulations and proper practices". This states "Email management - every authority should have an email account that belongs to the council and to which the council has access – this ideally would be a .gov.uk or .org.uk address or could be an address linked to the council website". In order to answer yes to Assertion 3 in the 2023/24 Annual Governance Statement the Clerk/RFO advised that the Council needs to ensure that it has an email address that complies with this requirement. Whilst SALC advises that the Practitioners' Guide purely relates to the Council email address (the Clerk/RFO's email address), it is good practice for each Parish Councillor to also have a council-owned address. This is due to GDPR as the data each Councillor has on their email address is subject to control by the Data Controller (Kedington Parish Council). Difficulties could arise where Council information is held on personal emails which are not easily accessible.

2.14 At the meeting on 16 January 2024 the Council noted that this issue was being addressed and that email accounts had been set up in individual Councillors' names and the domain name of *kedingtonpc.org.uk* had been registered. At the meeting on 20 February 2024 the Clerk/RFO advised that he and all Councillors were set up and using their new @kedingtonpc.org.uk email addresses

**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 2023/24. 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 £1,211.21 for Quarter 4 2022/23 (the period 1 January 2023 to 31 March 2023) was submitted to HMRC on 4 April 2023 and received at bank on 14 April 2023.
- b) The reclaim of £1,089.50 VAT for Quarter 1 (the period 1 April 2023 to 30 June 2023) was submitted to HMRC on 10 July 2023 and received at bank on 14 July 2023.
- c) The reclaim of £1,728.57 VAT for Quarter 2 (the period 1 July 2023 to 30 September 2023) was submitted to HMRC on 10 October 2023 and received at bank on 16 October 2023.
- d) The reclaim of £1,040.41 VAT for Quarter 3 (the period 1 October 2023 to 31 December 2023) was submitted to HMRC on 8 January 2024 and received at bank on 12 January 2024.

3.5 At the Council's meeting on 16 April 2024 the Clerk/RFO reported that the 2023/24 Quarter 4 VAT claim totalling £2,876.41 had been submitted to HMRC on 4 April 2024 and was received at bank on 12 April 2024.

**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 Explanation of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) has been produced

by the Clerk/RFO for submission to the External Auditors and for publication 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. During 2023/24 the Clerk/RFO presented detailed bank account information to meetings of the Council and the Bank Reconciliation statements are published as an annex to the Minutes.

5.2 The Bank Statements as at 31 March 2024 for the Barclays Bank Account (£11,162.25) and NatWest Account (£71,391.47) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation for all accounts.

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

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

Precept 2024/25: £88,746 (Council meeting on 19 December 2024, Minute 6.8).

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 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 2023/24 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).

6.3 The Budget papers for 2023/24 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 2023/24 were routinely presented to the Council.

6.4 With regards to the year 2024/25, at the meeting on 19 December 2023 Councillors present confirmed they had received and read the draft budget. The Council formally agreed a Precept of £88,746 for the year 2024/25 (Minute 6.8 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 2024 the balance of the Barclays account was £11,162.25 (called the 'general fund' on the Reserves Balance report) and the balance of the NatWest account was £71,391.47 (called the 'total reserve' on the Reserves Balance report).

6.6 Overall Reserves available to the Council at the year-end 31 March 2024 totalled £82,553.72 of which £20,423.24 was Earmarked Reserves as follows:

Recreation Equipment:	£1,314.90
War Memorial:	£728.00
Legal Fees:	£4,000.00
Training:	£300.00
Elections:	£2,918.09
General Fund:	£11,162.25

6.7 General Reserves (Overall Reserves less Earmarked Reserves) accordingly stood at £62,130.48 (70% or 8.5 months' equivalent of the 2024/25 Precept).

6.8 The General Reserves available as at 31 March 2024 were in line with the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the JPAG Proper Practices Guide, Item 5.33 refers).

6.9 As at 31 March 2024 the Council maintained sufficient reserves and contingency sums 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 The Council's Financial Regulations state that at least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices. This should be before 31 March each year. The Internal Control Statement states that as part of its internal control, the Kedington Parish Council has appointed a non-signatory Councillor to conduct a review of the system of internal control through tests on an annual basis with a written report of any findings to be submitted to the Council and Minuted as received. At the meeting on 20 February 2024 a Councillor was nominated to conduct the review.

7.2 The Statement of Internal Control was reviewed and approved by the Council at its meeting on 26 March 2024 (Minute 8.7 refers). The Council noted that the nominated Councillor and the Clerk/RFO had conducted a review of the Council's system of internal control on 1 March 2024 and this would inform the completion of the Annual Governance Statement in the 2023/24 AGAR.

7.3 The Effectiveness of Internal Control/Management of Risk and Internal Audit documentation was also considered and approved by the Council at its meeting on

26 March 2024 (Minute 8.6 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 26 March 2024 (Minute 8.5 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 A Fire Risk Assessment for the Parish Council Office was reviewed and agreed by the Council at the meeting on 16 April 2024.

7.7 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.

7.8 During 2023/24 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. The Clerk/RFO confirmed to the Internal auditor that an 'Annual Inspection' to RoSPA Standards (which identifies any long-term structural problems, standards compliance and design, along with risk assessments and to cover the overall safety of the playground) is arranged by West Suffolk Council and a detailed report provided to the Parish Council.

7.9 Insurance was in place for the year of account. At the meeting on 19 September 2023 the Clerk/RFO advised that the current insurance expired on 30 September 2023 so is due for renewal on 1 October 2023. The insurance cover to 30 September 2023 was arranged through Arthur J. Gallagher Insurance Brokers Ltd (Gallagher) under a 3-year Long Term Agreement. The Clerk/RFO had secured quotations from Hiscox Insurance (Hiscox) and Zurich Insurance for the forthcoming year. The Council agreed to accept the renewal proposal from Zurich Insurance.

7.10 The Employer's Liability cover stands at £10m and the Public Liability cover at £12m. 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; reports are made to the Council regarding the PAYE Quarterly payments made.

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 working hours were increased to 140 per month following the 2022 annual appraisal of the post.

10.3 As at 31 March 2023 the Clerk/RFO was paid at NJC SCP 25 for 140 working hours per month. At the meeting on 21 November 2023 the Council noted the National Salary Award for 2023/24 and agreed the revisions in salary as they applied to the Clerk/RFO (Minute 6.7 refers) and agreed to an increase from SCP 25 to SCP 28 with effect from 1 December 2023.

10.4 At the Council's meeting on 19 December 2023 the Council reviewed the salary for the Village Cleaner for 2024/25 in the light of the National Minimum Wage from 1 April 2024 for those aged over 21 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 to the appropriate rate per hour with effect from 1 April 2024 (Minute 6.7 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 26 March 2024 (Minute 6.3 refers).

11.2 The Asset Register displays a value of £284,749 as at 31 March 2024, a net increase of £2,232 in the value of £282,517 listed in the AGAR at the end of the previous year. The Clerk/RFO confirmed that reconciliation has been made between the values at the end of both years in relation to acquisitions and disposals.

11.3 Acquisitions in the year 2023/24 included:

Village Sign:	£862.00 (April 2023)
Litter Bin (Arms Lane):	£186.00 (27 June 2023)
Platinum Jubilee Bench (The Cut):	£1,980.00 (9 February 2024)
SID Battery:	£189.00 (9 February 2024)

11.4 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.

11.5 Box 9 in Section 2 of the AGAR (Annual Return) has correctly recorded the value of assets as at 31 March 2024.

11.6 The Council maintains a List of Assets of Community Value (listing assets upon which the Council has first option to purchase should the assets enter the sale market).

**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.

12.2 The Council maintained adequate financial control during 2023/24. The Council's Financial Regulations provide that 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. This is being undertaken.

12.3 During 2023/24 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.

12.4 At its meeting on 26 March 2024 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.

12.5 The Internal Audit Report for the previous year (2022/23) was received by the Council at its meeting on 16 May 2023 (Minute 9.3 refers). The Report raised no matters of concern and confirmed that during the year 2022/23 the Council had maintained effective governance arrangements and satisfactory financial administration and control.

12.6 The List of Regular payments for 2023/24 was approved by the Council on 7 February 2023. Similarly, the List of Regular payments for 2024/25 was approved by the Council at the meeting held on 16 January 2024.

12.7 The Internal Auditor for the 2023/24 year was appointed by the Council at its meeting on 21 November 2023 (Minute 6.2 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 External Auditors' Report and Certificate for the year 2022/23 was dated 15 August 2023 and was received and reviewed by the Council at its meeting on 19 September 2023. The Council confirmed that it did not consider that any further action was necessary and the Clerk/RFO confirmed that the document was published on the Parish Council's website on 17 August 2023.

### **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:

Notice of Conclusion of Audit  
AGAR - Section 3

15.3 The Clerk/RFO advised the Council on 20 June 2023 that the Notice of Public Rights of Inspection of accounts had been posted on the website and noticeboards and that the Inspection period was between 5 June 2023 and 14 July 2023.

15.4 The Internal Auditor was able to confirm that the documents relating to the year 2022/23 were readily accessible on the Council's website:

<https://www.kedington.suffolk.cloud/parish-council/parish-council-meetings/>

**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 careful presentation of documents and data for audit examination.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**13 May 2024**