

Report to Topcroft Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2022

1. Introduction and Summary.

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

1.2 The Internal Audit work undertaken confirmed that during the 2021/22 year the Council continued to maintain effective governance arrangements including a robust and effective 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.

1.3 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's 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.

1.4 The Accounts for the year confirm the following:

Total Receipts in the year: £4,156.73
Total Payments in the year: £4,667.56
Total Reserves at year-end: £2,779.01

1.5 The following figures were agreed with the Clerk/RFO for inclusion in the AGAR Section 2 Accounting Statements 2021/22 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £3,290</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £2,800</i>
<i>Total Other Receipts:</i>	<i>Box 3: £1,358</i>
<i>Staff Costs:</i>	<i>Box 4: £1,530</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £3,138</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £2,780</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £2,780</i>
<i>Total fixed assets:</i>	<i>Box 9: £5,008</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 at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 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 6 May 2021. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972. The meeting was held virtually via Zoom as permitted in the Local Authorities and Police Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Meetings) (England and Wales) Regulations 2020

2.2 Standing Orders are in place and are in line with the latest model published by the National Association of Local Councils (NALC). The Standing Orders were reviewed and re-adopted by the Council at its meeting on 14 March 2022 (Minute 6i refers).

2.3 Financial Regulations are in place. The Regulations were reviewed by the Council at the meeting held on 14 March 2022 and reflect the latest model format published by NALC (Minute 6c refers).

2.4 The Council's Minutes are very well presented, sequentially numbered and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed to the Internal Auditor that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.5 The Council is registered with the Information Commissioner's Office (ICO) as a Data Controller for the provision of council services under Data Protection legislation (Registration ZA362923, expiring 14 June 2022, refers). The Council demonstrates compliance with the General Data Protection Regulations (GDPR) through the adoption and review of Data Protection policies, procedures and documentation, including a GDPR Policy (reviewed on 14 March 2022).

2.6 The Council also demonstrates good practice by adopting and reviewing other formal policies and procedures, including a Planning Procedure Policy and a Freedom of Information and Publication Scheme Policy, both of which were reviewed and re-adopted by the Council at its meeting on 14 March 2022 (Minutes 6g and 6d refer). The Policies have been published on the Council's website.

2.7 The Council demonstrates good practice by periodically reviewing and re-adopting the Code of Conduct, which details the requirements and responsibilities

placed upon each individual Councillor. The Council reviewed and re-adopted the Code of Conduct at a meeting held on 14 March 2022 (Minute 6b refers). A copy of the Code has been published on the Council's website.

2.8 A Website Accessibility Statement has been published on the Council's website to assist with compliance with the Website Accessibility Regulations.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Cashbook Spreadsheet was found to be in good order and well presented. Local Government Act 1972 (Section 137) payments and VAT payments are tracked and identified within the Cash Book

3.2 The Cashbook Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. In view of the Internal Audit for 2021/22 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2021/22 transactions can be undertaken at the next scheduled audit. The Clerk/RFO confirmed to the Internal Auditor that all payments made in 2021/22 were supported by invoices/vouchers.

3.3 Relatively small amounts of VAT are paid each year. The re-claim of £62.72 for VAT paid in the period 1 April 2020 to 31 March 2021 is recorded as received from HMRC on 7 April 2021 and was reported to Council at its meeting on 6 May 2021 (Minute 7e refers).

3.4 A Statement of Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has been prepared by the Clerk/RFO for publication on the Council's website.

3.5 The Clerk/RFO has prepared a Community Infrastructure Levy (CIL) Fund Annual Report for the year ended 31 March 2022. The Report shows the amount of £271.71 brought forward from 31 March 2021, CIL of £368.83 received and £621.71 applied during the year 2021/22 with a balance of £18.83 held at the year-end 31 March 2022. A copy of the CIL Annual Report for 2021/22 has to be published on the Council's website and submitted to the District Council no later than 31 December 2022.

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

4.1 The Council's Internal Control Statement was reviewed and adopted by the Council at the meeting on 14 March 2022 (Minute 6f refers).

4.2 The Council's Risk Assessment document was also reviewed and approved by the Council at its meeting on 14 March 2022 (Minute 6h refers). The document

provides an analysis of both financial and non-financial risks faced by the Council and the control measures in place to mitigate the risks identified.

4.3 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 management of risk, with the review suitably Minuted.

4.4 Insurance was in place for the year of account. At its meeting on 18 May 2020 the Council agreed to enter into a 3-year agreement with Community Action Suffolk (CAS) Insurance at a premium of £127.68 per annum, expiring 31 May 2023 (Minute 5e refers). The premium for the year 2021/22 was authorised by the Council at its meeting on 2 June 2021 (Minute 5b refers).

4.5 The Employers Liability cover and Public Liability cover each stand at £10m. The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £25,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

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

Precept 2021/22: £2,800 (Meeting on 9 November 2020, Minute 5c refers).

Precept 2022/23: £3,000 (Meeting on 8 November 2021, Minute 5b refers).

5.1 The Budget for the year 2021/22 and a Precept of £2,800 were considered and agreed by the Council at its meeting on 9 November 2020. The Precept was agreed in Full Council and clearly Minuted. Budget papers are prepared to ensure that Councillors have sufficient information to make informed decisions.

5.2 Similarly, the Budget for the year 2022/23 and a Precept of £3,000 were considered and agreed by the Council at its meeting on 8 November 2021. The Precept was agreed in Full Council and clearly Minuted. Budget papers are prepared to ensure that Councillors have sufficient information to make informed decisions.

5.3 Good budgetary procedures are in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments.

5.4 The estimates for 2021/22 were used effectively for financial control and budgetary control purposes with detailed budgetary position statements (budget reports) being presented to meetings of the Council.

5.5 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

5.6 The Overall Reserves at the year-end 31 March 2022 totalled £2,779.81, of which £1,301.07 is earmarked as follows:

- (a) CIL Payment to be spent by 2026 (£18.83)
- (b) Grants/Donations Reserve (£800.00)
- (c) Transparency Code Grant for Clerk's computer equipment (£482.24)

5.7 At its meeting on 14 March 2022 the Council agreed to transfer from the General Reserves the amount of £775.00 to a Maintenance Reserve. The Clerk/RFO plans to make the transfer in the Accounts during the 2022/23 year of account once the Precept for the year 2022/23 has been received at bank in order to avoid reducing the General Reserve to an unacceptably low figure as at the 2021/22 year-end of 31 March 2022.

5.8 As at 31 March 2022 the General Reserve of £1,478.74 was in line with the generally accepted position that non-earmarked revenue reserves held should usually be between three and twelve months of gross expenditure or 50% of the Precept. As at the 31 March 2022 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

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

6.1 Receipts recorded in the Cashbook consisted of the Precept 2020/21 (£2,800), VAT Re-claim (£62.72), District Councillor's Grant (£750), CIL Receipt (£368.83), Gate at Recreation Ground (£175) and Bank Interest on the Business Savings Account (£1.38).

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

7.1 A Petty Cash system is not in use; an expenses system is in place, with cheques being made out for expenses incurred.

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

8.1 Under the provisions of the Transparency Code, Topcroft Parish Council can be designated as a 'Smaller Council'.

8.2 The Council's website is: <http://topcroftpc.norfolkparishes.gov.uk/>

8.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100. Payments included within published Minutes of Council meetings.*
- b) *Annual Governance Statement: 2020/21 AGAR Annual Return Section One. Published on website.*
- c) *End-of-Year accounts: 2020/21 AGAR Annual Return Section Two. Published on website.*
- d) *Annual Internal Audit report within 2020/21 AGAR Annual Return. Published on website.*

- e) *List of councillor or member responsibilities. Published on website.*
- f) *The details of public land and building assets (Asset Register). Published on website.*
- g) *Minutes, agendas and meeting papers of formal meetings. Published on website.*

8.4 The Council is meeting the requirements of the Transparency Code.

8.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was able to confirm that the document for the year 2020/21 was readily accessible on the Council's website and displayed the Date of Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

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

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

9.1 The Clerk/RFO confirmed that the Council is registered with HMRC and the payroll is operated in accordance with HMRC requirements. A Contract of Employment for the Clerk/RFO is in place.

9.2 At the Council's meeting on 14 March 2022 the Council noted and agreed the JNC/NALC National Salary Pay Award for the Clerk/RFO of 1.75% backdated to 1 April 2021 (Minute 5d refers).

9.3 With regard to the legislation relating to workplace pensions, the Pensions Regulator confirmed on 26 August 2020 that the Council has completed a declaration of compliance under the Pensions Act 2008. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

10. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).

10.1 A comprehensive Asset Register is in place. The Register was reviewed and approved by the Council at its meeting on 14 March 2022 (Minute 6a refers).

10.2 The Asset Register as at 31 March 2022 displays a value of £5,008, an increase of £350 over the value of £4,658 at the end of the previous year (31 March 2021) and reflects the acquisition of a Footpath Gate at Topcroft Street.

10.3 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The value as at 31 March 2022 has been correctly placed in Box 9 of Section 2 of the AGAR.

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

11.1 The Barclays Community Current Account and the Business Savings Account bank statements (both dated 31 March 2022) reconciled with the end of year accounts and agreed with the overall Bank Reconciliation.

11.2 The Council had agreed at its meeting on 10 July 2017 to authorise a Simple Servicing agreement with Barclays Bank to allow the Clerk/RFO to view/print statements online and transfer money between accounts of the same name (Minute 4c refers) and this continues to be of assistance to the Clerk/RFO.

12. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).

12.1 End of Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

13. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial and budget reports to Council meetings; Councillors are provided with the appropriate information to enable them to make informed decisions.

13.2 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework.

13.3 In addition, the Clerk/RFO confirmed that:

- (a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment
- (b) invoices/vouchers for payment are signed or initialled by the nominated signatories in confirmation of the payment being correctly made and
- (c) Cheque Book counterfoils are initialled by Cheque Signatories, all as a matter of routine in accordance to the requirements of the Council's Financial Regulations 6.4 and 6.5. These areas were not examined due to the Internal Audit being conducted remotely/electronically but can be test-checked at the next scheduled audit.

13.4 The Internal Audit for the previous year (2020/21) was received by the Council at its meeting on 6 May 2021 (Minute 7b refers). There were no issues of concern arising from the report.

13.5 The Internal Auditor for the 2021/22 year was formally appointed by the Council at the meeting held on 6 May 2021 (Minute 7d refers).

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

14.1 An External Audit was not required in the year 2020/21. At its meeting on 6 May 2021 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year (Minute 7c refers).

14.2 For the year 2021/22 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

18 April 2022