

Report to Boyton Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2020

1. Introduction and Summary

1.1 The Internal Audit for the year 2019/20 was undertaken during the period of 'lockdown' following the coronavirus pandemic; at that time travel was severely restricted, social distancing was in place and many Clerks and Councillors were having to self-isolate.

1.2 In view of this unprecedented situation, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Jenny Lloyd, 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.

1.3 The Internal Audit work undertaken confirmed that during the 2019/20 year the Council maintained effective governance arrangements including an adequate framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.

1.4 By examination of the 2019/20 accounts and supporting documentation it was confirmed that the Clerk, in the role of 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.

1.5 The Accounts for the year confirm the following:

Total Receipts for the year: £4,192.50

Total Payments in the year: £5,640.09

Total Reserves at year-end: £2,577.36

1.6 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 – Accounting Statements 2019/20 (rounded for purposes of the Return):

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| <i>Balances at beginning of year (1 April 2019):</i> | <i>Box 1: £4,025</i> |
| <i>Annual Precept 2019/20:</i> | <i>Box 2: £2,300</i> |
| <i>Total Other Receipts:</i> | <i>Box 3: £1,893</i> |
| <i>Staff Costs:</i> | <i>Box 4: £1,236</i> |
| <i>Loan interest:</i> | <i>Box 5: £0</i> |
| <i>All Other payments:</i> | <i>Box 6: £4,404</i> |
| <i>Balances carried forward (31 March 2020):</i> | <i>Box 7: £2,578</i> |
| <i>Total cash/short-term investments:</i> | <i>Box 8: £2,578</i> |
| <i>Total fixed assets:</i> | <i>Box 9: £2,494</i> |
| <i>Total borrowings:</i> | <i>Box 10: £0</i> |

1.7 Sections One and Two of the AGAR are to be approved and signed/dated at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2019/20 within the AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control. 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 Standing Orders are in place and were reviewed, amended and approved by the Council at its meeting on 7 January 2019 (Minute 5 refers). Approval of the up-dated Standing Orders, amended in accordance with guidance from SALC, was confirmed by the Council at its meeting on 11 March 2019 (Minute 13 refers) and confirmed at the meeting on 14 May 2019 (Minute 10 refers). At the meeting on 5 March 2020 the Council reviewed the Standing Orders and agreed that no changes were required (Minute 17 refers). A copy of the Standing Orders has been published on the Council's website.

2.2 Financial Regulations are also in place and were reviewed by the Council at its meeting on 7 January 2019 with no amendments required (Minute 5 refers). At the meeting on 5 March 2020 amendments were made by the Council to the Financial Regulations to reflect the new model Financial Regulations recently published by NALC (Minute 17 refers).

2.3 At its meeting on 14 May 2019 the Council re-affirmed the Clerk as the Responsible Financial Officer (RFO) (Minute 16.7 refers).

2.4 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that each page of the Minutes is signed by the Chair and numbered to ensure an authentic record of the Council's decisions.

2.5 The Council demonstrates good practice by maintaining a wide range of formal policies and procedures, including a Social Media and Electronic Communication Policy, Grants Scheme Policy, Safeguarding Policy, Disciplinary and Grievance Policy, Media Policy and a Procurement Policy, all of which were reviewed by the Council at its meeting on 5 March 2020 as part of the overall Policy Review (2020) and are published on the Council's website.

2.6 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 ZA131500 refers, expiring 5 August 2020). The Council has a number of formal policies in place to demonstrate compliance with General Data Protection Regulations (GDPR) including a Data Protection, Information and Security Policy, a Legal and Privacy Statement and Privacy Notices. At its meeting on 7 January 2019 the Council reviewed its Data Protection policies and procedures and adopted additional documentation and procedures, including a GDPR Risk Assessment, to support its compliance with GDPR.

2.7 The Suffolk Local Code of Conduct is in place; the Code was reviewed by the Council at its meeting on 7 January 2019 as part of the overall Policy Review (2019) with no amendments required (Minute 5 refers). The Code is published on the Council's website.

2.8 New website accessibility regulations will need to be complied with no later than 23 September 2020 and the Council may wish to confirm with the website host that there is a framework in place to accommodate compliance with the new accessibility requirements.

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 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 2019/20 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2019/20 transactions will be undertaken at the next scheduled audit. The Clerk/RFO has confirmed to Internal Audit that all payments made in 2019/20 were supported by invoices/vouchers.

3.2 Payments made under the Local Government Act 1972 Section 137 in the year are clearly identified.

3.3 VAT payments are tracked and identified within the Cashbook Spreadsheet and End-of-Year Accounts. Only relatively small amounts of VAT are normally paid in the year. The Clerk/RFO submitted a re-claim to HMRC of £91.71 for the VAT paid in the period April 2019 to March 2020 and which was received at bank on 25 March 2020.

3.4 The End-of-Year Accounts and supporting documentation were well presented for the Internal Audit review.

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 documentation (Risk Analysis and Risk Assessments) was reviewed and approved by the Council at its meeting on 5 March 2020 as part of the overall Policy Review (2020) (Minute 5 refers). The documents provide a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified.

4.2 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.

4.3 At its meeting on 14 May 2019 the Council agreed the insurance cover for the forthcoming year (Minute 16.1 refers). The Council approved the renewal premium of £134.40 to CAS Insurance at its meeting on 15 July 2019 (Minute 9 refers). The Employer's Liability cover and Public Liability cover each stand at £10m. The Fidelity (Councillor/Employee Dishonesty) cover is £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. Transparency Code (Compliance for smaller councils with income/expenditure under £25,000).

5.1 Boyton Parish Council is designated as a 'Smaller Council'. The Council's website is: <http://boyton.onesuffolk.net/parish-council/>

5.2 Smaller authorities should publish on their website:

- a) All items of expenditure above £100
Published – **Yes**
- b) Annual Governance Statement:
AGAR Annual Return, Section One
Published (2018/19) – **Yes**
- c) End of year accounts:
AGAR Annual Return, Section Two
Published (2018/19) – **Yes**
- d) Annual Internal Audit report within
AGAR Annual Return

- e) Published (2018/19) – [Yes](#)
List of councillor or member responsibilities
Published – [Yes](#)
- f) Details of public land and building assets
Published (2018/19) – [No such assets held in 2018/19](#)
- g) Minutes, agendas and meeting papers of formal meetings
Published – [Yes](#)

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

5.4 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 2018/19 was readily accessible on the Council's website and displayed the Date of Announcement, Dates of Inspection, Details of Person to contact to view the accounts and the Details of the person making the announcement.

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

Precept 2019/20: [£2,300 \(7 January 2019, Minute 7.1 refers\)](#).

Precept 2020/21: [£4,000 \(7 December 2019, Minute 6 refers\)](#).

6.1 The precepts were agreed in full Council and the precept decision and amount have been clearly Minuted.

6.2 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. The Budget and the Precept for the year 2019/20 was agreed by the Council at its meeting on 7 January 2019 (Minute 7.1 refers).

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

6.4 Good budgetary procedures are in place. At its meeting on 14 May 2019 the Council nominated two Councillors to undertake Quarterly Budget Reviews (Minute 9 refers). At its meeting on 7 December 2019 the Council considered the issues of Budget Update and Forecast and resolved that Councillors should receive a 'live' copy of the expenditure spreadsheet every quarter and that there should be a Standing Agenda Item of Budget compared to Expenditure (Minute 7 refers). These requirements were confirmed at the meeting on 7 January 2020 (Minute 7 refers). The Council demonstrates good financial management practice through its commitment to ensure that the estimates are used effectively for financial control and budgetary control purposes.

6.5 The Budget and Precept were considered and approved by the Council at its meeting on 7 December 2019 and confirmed at the meeting on 7 January 2020 (Minute 6 refers).

6.6 The overall Reserves available to the Council have reduced significantly in the year (from £4,024.94 as at 31 March 2019 to £2,577.36 as at 31 March 2020) as a result of the purchase of the defibrillator during the year. Within the £2,577.36 the Clerk/RFO advised that £500 has been earmarked for the following specific projects:

- i) Events Fund: £300
- ii) Defibrillator Project (signage): £200

6.7 As at the 31 March 2020 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

7.1 Receipts recorded in the Cashbook Spreadsheet were cross referenced with the bank statements on a test-check basis and were found to be in order.

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

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

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

9.1 Payroll Services are operated by the Suffolk Association of Local Councils (SALC) on behalf of the Council in accordance with HMRC regulations. Detailed pay slips are produced and the P60 End of Year Certificate was presented to Internal Audit.

9.2 At its meeting on 16 May 2017 (Minute 7) the Council approved the Clerk/RFO's contract of employment/job description at 6 hours per month and approved the rate of pay (with incremental rises in line with NJC terms and conditions).

9.3 At its meeting on 7 January 2019 the Council agreed that the Clerk's hours of work should be increased from 6 hours per month to 10 hours per month (Minute 7.1 refers).

9.4 With regard to the legislation relating to workplace pensions, the Pensions Regulator confirmed on 9 October 2017 that the Council has completed a declaration of compliance under the Pensions Act 2008. The Clerk/RFO has confirmed that the required re-declaration to the Pensions Regulator was submitted in April 2020.

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 Prior to the year 2019/20 the Council held no Fixed Assets. During the year of account, the Council acquired an Acer Chromebook computer (£249) and a Defibrillator and emergency phone (£2245). The Clerk/RFO has constructed an Asset Register which displays these two assets at cost value, the acquisition date, and current location.

10.2 The total value of £2,494 of the Council's assets has been correctly placed in Box 9 of the AGAR 2019/20.

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

11.1 The bank statement for the Lloyds Bank Treasurers Account as at 31 March 2020 agreed with the Bank Reconciliation and the End-of-Year accounts.

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 detailed financial reports to the Council. Councillors are provided with information to enable them to make informed decisions.

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

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initialled by the Cheque Signatories in confirmation of the payment being correctly made and (c) Cheque Book counterfoils are initialled by Cheque Signatories in accordance with the requirements of the Council's Financial Regulations. These areas were not examined due to the Internal Audit being conducted remotely/electronically.

13.3 The Internal Audit report for the previous year (2018/19) was noted and approved by the Council at its meeting on 14 May 2019 (Minute 16.2 refers). No matters of concern had been raised in the report.

13.4 The Council formally re-appointed the Internal Auditor for the 2019/20 year at its meeting on 14 May 2019 (Minute 16.3 refers).

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

14.1 The Council was exempt from a Limited Assurance Review by PKF Littlejohn LLP in respect of the year 2017/18. At its meeting on 14 May 2019 the Council confirmed its exemption and a Certificate of Exemption was agreed and signed (Minute 16.6 refers).

14.2 Similarly, as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2020, the Council is able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. The Council can accordingly prepare a Certificate of Exemption from a Limited Assurance Review for the year 2019/20, for submission within the due date to PKF Littlejohn LLP.

15. Additional Comments.

15.1 The Annual Parish Council meeting was held on 14 May 2019, within the required timescale. The first item of formal business was the Election of Chairman, in accordance with the requirements of the Local Government Act 1972.

15.2 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

1 May 2020