

Report to Boyton Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2021

1. Introduction and Summary

1.1 The Internal Audit for the year 2020/21 was undertaken during a period of time when many restrictions were still in place following the covid-19 pandemic; there were continuing restrictions on people meeting and working away from home in many cases and social distancing was still in place.

1.2 Accordingly, 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 this report 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 2020/21 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 2020/21 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: £14,786.88

Total Payments in the year: £2,629.43

Total Reserves at year-end: £14,734.81

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 2020/21 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £2,578</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £4,000</i>
<i>Total Other Receipts:</i>	<i>Box 3: £10,787</i>
<i>Staff Costs:</i>	<i>Box 4: £1,236</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £1,394</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £14,735</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £14,735</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 2020/21 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 New Regulations brought into effect as a result of the covid-19 pandemic enabled local councils to hold remote meetings (including by video and telephone conferencing) until May 2021. The Council accordingly held video conferencing meetings during 2020/21 from 1 June 2020.

2.2 The Annual Parish Council meeting was held on 1 June 2020, the first item of formal business being the Election of Chair, in accordance with the requirements of the Local Government Act 1972.

2.3 Standing Orders are in place. Approval of up-dated Standing Orders, amended in accordance with guidance from SALC, was confirmed by the Council at its meetings on 11 March 2019 (Minute 13 refers) and 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).

2.4 NALC has since published revised Model Standing Orders (entitled 2018 revised 2020) with amendments at Section 18 (items f and g) to reflect the changes in the thresholds for public service/supply and public works contracts. This amendment should be included at the Council's next review of Standing Orders.

2.5 Financial Regulations are also in place. 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).

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Further revisions were agreed by the Council on 22 September 2020 to reflect the revised arrangement in place for on-line payments (Minute 8 refers).

2.6 NALC has since advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service/supply and public works contracts. The amendment to item 11.1 (c) should be included at the Council's next review of Financial Regulations.

2.7 At its meeting on 1 June 2020 the Council re-affirmed the Clerk as the Responsible Financial Officer (RFO) (Minute 8ii refers).

2.8 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 during the remote meeting arrangements the Minutes continue to be signed/initialled by the Chair and numbered to ensure that an authentic record is maintained of the Council's decisions.

2.9 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, Grievance and Disciplinary Policy, Media Policy and a Procurement Policy, all of which are published on the Council's website.

2.10 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 2021). The Council has a number of formal policies in place to demonstrate compliance with the General Data Protection Regulations (GDPR) including a Data Protection, Information and Security Policy, an Information Security Incident Policy, a Legal and Privacy Statement, Privacy Notices and a GDPR Risk Assessment document.

2.11 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. At the meeting on 13 August 2020 the Council noted that a new model Code of Conduct was being consulted upon nationally by the NALC and the Chairman had responded on behalf of the Council (Minute 13 refers).

2.12 At its meeting on 13 August 2020 the Council noted that One Suffolk had provided support regarding compliance with the Website Accessibility Standards to apply from 23 September 2020. The Council approved the Website Accessibility Statement (which has been published on the Council's website) and agreed that compliance tests would be carried out regularly using the Wave Accessibility evaluation tool (Minute 15 refers).

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 2020/21 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of those can be undertaken at the next scheduled audit or when circumstances permit. The Clerk/RFO has confirmed to the Internal Auditor that all payments made in 2020/21 were supported by invoices/vouchers.

3.2 A refund of £14 is recorded in the year relating to Village Hall expenses and this has been correctly accounted for as a reduction on the Payments side of the Accounts.

3.3 There were no payments recorded as being made in the year of account under the Local Government Act 1972 Section 137.

3.4 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; the amount was received at bank on 25 March 2020 and reported to Council on 1 June 2020.

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 and risk assessment documentation (Risk Assessment and Management (Financial) documentation for the period 1 April 2020 to 31 March 2021) was reviewed and approved by the Council at its meeting on 22 September 2020 (Minute 6 refers). The document provides an analysis of the risks faced by the Council, the risk level 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 1 June 2020 the Council agreed the insurance cover for the forthcoming year (Minute 9iii refers) and approved the renewal premium of £127.68 to Community Action Suffolk (CAS) Insurance as part of a 3-year long-term agreement. The Council reviewed the insurance arrangements at its meeting on 22 September 2020 and agreed that no amendments were required (Minute 6 refers).

Insurance cover is provided by Royal and Sun Alliance (1 June 2020 to 31 May 2021).

4.4 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 (2019/20) – Yes
- c) End of year accounts:
AGAR Annual Return, Section Two
Published (2019/20) – Yes
- d) Annual Internal Audit report within
AGAR Annual Return
Published (2019/20) – Yes
- e) List of councillor or member responsibilities
Published – Yes
- f) Details of public land and building assets
Published (2019/20) – No land or buildings owned
- 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 2019/20 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.

5.5 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 being easily accessible on the Council's website.

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

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

Precept 2021/22: £4,000 (12 January 2021, Minute 10 refers).

6.1 The precept for 2020/21 was agreed in Full Council and the precept decision and amount have been clearly Minuted.

6.2 Similarly, a Draft Budget for 2021/22 was considered by the Full Council at its meeting on 3 November 2020. A revised Draft Budget was considered at the meeting on 12 January 2021, when it was agreed that the Precept for 2021/22 would remain at £4,000 and the Business Support Grant of £10,000 would be kept in the Council's Reserves (Minute 10 refers).

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

6.4 Budgetary control procedures have been agreed by the Council. 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).

6.5 The overall Reserves available to the Council have increased significantly in the year (from £2,577.36 as at 31 March 2020 to £14,734.81 as at 31 March 2021) as a result of the receipt of the Small Business Grant of £10,000 from East Suffolk Council.

6.6 Within the Overall Reserves of £14,734.81 as at 31 March 2021, the Clerk/RFO advised that £10,650 has been earmarked for the following specific projects:

- a) Village Hall £10,000
- b) Defibrillator Project (signage): £200
- c) Quiet Lanes (signage): £200
- d) Election costs: £50
- e) Events: £200.

6.7 General Reserves (Overall Reserves less Earmarked Reserves) accordingly stood at £4,084.81 which is in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of

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Net Revenue Expenditure (in effect, the Precept less any loan repayments - the JPAG Proper Practices Guide, Item 5.32 refers).

6.8 As at the 31 March 2021 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 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 or on-line payments being made 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 by SALC.

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

9.3 At its meeting on 12 January 2020 the Council agreed that the Clerk's hours of work should be increased from 10 hours per month to 12 hours per month (Minute 10 refers). The Clerk/RFO has advised that this has taken effect from 1 April 2021.

9.4 With regard to the legislation relating to workplace pensions, the Clerk/RFO has confirmed that the required re-declaration to the Pensions Regulator was submitted in April 2020 in accordance with 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 Prior to the year 2019/20 the Council held no Fixed Assets. During the year 2019/20 the Council acquired an Acer Chromebook computer (£249) and a Defibrillator and emergency phone (£2,245). The Clerk/RFO constructed an Asset Register which displayed 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 remained unchanged at the year-end, 31 March 2021. The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year.

10.3 The value has been correctly placed in Box 9 of the AGAR 2020/21.

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

11.1 Bank statements and the relating bank reconciliations are routinely presented to meetings of the Council to ensure transparency in the financial arrangements being maintained by the Council.

11.2 The bank statement for the Lloyds Bank Treasurers Account as at 31 March 2021 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, following some minor amendments during the course of the audit, 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 the Council with detailed financial reports. 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.

13.3 At its meeting on 13 August 2020, in the light of the covid-19 situation at that time, the Council agreed for Clerk/RFO to have full access for on-line payments with a revised system of payment monitoring, with two Councillors signing off major payments and agreeing on-going payments.

13.4 The Internal Audit report for the previous year (2019/20) was noted and approved by the Council at its meeting on 1 June 2020 (Minute 9ii refers). No matters of concern had been raised in the report.

13.5 The Council formally re-appointed the Internal Auditor for the 2020/21 year at its meeting on 1 June 2020 (Minute 8i 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 2019/20. At its meeting on 1 June 2020 the Council confirmed its eligibility for exemption and the completion of a Certificate of Exemption was approved (Minute 9iii 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 2021, 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 2020/21, for submission within the due date to PKF Littlejohn LLP.

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.

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30 April 2021