

## **Report to Horringer cum Ickworth Parish Council**

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

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

1.1 The Internal Audit work undertaken confirmed that during the 2021/22 year the Council maintained effective governance arrangements including a satisfactory framework of financial administration and internal control. Whilst there are some important areas of administration that require development, the Internal Audit review has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.2 By examination of the 2021/22 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 adequate financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

*Total Receipts for the year:*     £29,393.81  
*Total Payments in the year:*   £34,968.36  
*Total Reserves at year-end:*   £34,819.88

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures have been placed by the Council in the Draft Section 2 - Accounting Statements (rounded for purposes of the Return):

|  |                               |
|--|-------------------------------|
| <i>Balances at beginning of year (1 April 2021):</i> | <i>Box 1: £40,394</i>         |
| <i>Annual Precept 2021/22:</i>                       | <i>Box 2: £24,000</i>         |
| <i>Total Other Receipts:</i>                         | <i>Box 3: £5,393</i>          |
| <i>Staff Costs:</i>                                  | <i>Box 4: £3,085 * Note 1</i> |
| <i>Loan interest/capital repayments:</i>             | <i>Box 5: £0</i>              |
| <i>All Other payments:</i>                           | <i>Box 6: £31,883</i>         |
| <i>Balances carried forward (31 March 2022):</i>     | <i>Box 7: £34,819</i>         |
| <i>Total cash/short-term investments:</i>            | <i>Box 8: £34,819</i>         |
| <i>Total fixed assets:</i>                           | <i>Box 9: £105,089</i>        |
| <i>Total borrowings:</i>                             | <i>Box 10: £0</i>             |

\* Note 1: Includes a £90 fee paid to SALC for providing Payroll Services and is not a payment to the Clerk/RFO.

1.5 Sections 1 and 2 of the AGAR for the year ending 31 March 2022 are due to be approved at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 within the AGAR.

1.6 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 5 May 2021. The first item of business was the Election of a Chairperson of the Parish Council, as required by the Local Government Act 1972. The meeting was held online via Zoom Video Conferencing 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 were reviewed by the Council on 27 September 2021. The Standing Orders are based on the Model Standing Orders published by the National Association of Local Councils (NALC). A copy has been published on the Council's website. **It was noted that amendments are required at Section 18 (items f and g) to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment can be included at the Council's next review of Standing Orders.**

2.3 **Financial Regulations** are in place and are based on Model Financial Regulations published by NALC. **It was noted that amendments are required to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to the footnote to item 11.1 (c) can be included at the Council's next review of Financial Regulations.**

2.4 The Council has formally appointed a Responsible Financial Officer. Mrs Michelle Thompson took up her duties as the Council's Clerk/RFO with effect from 10 June 2019.

2.5 The Council's Minutes provide evidence of the decisions taken by the Council in the year. However, it is clear that the current arrangements for the publication of the Council's Minutes and other important documents are unsatisfactory. The Clerk/RFO requests the nominated website administrator to publish documents but the request in many cases is not met. At the date of the Internal Audit on 17 January 2022 the Council had not published on its website the Minutes of the Council meetings held on 26 April 2021, 18 October 2021, 17 January 2022, 21 February 2022 and 22 March 2022.

**Recommendation 1: The Council should review the arrangements in place for website administration. In the interests of transparency and for the benefit of the local community, the Council should always ensure that Minutes of Council and any Committee meetings are publicly available, and published on the Council's website, as soon as practicably possible after each meeting. (Many Councils publish in Draft Form and later in Confirmed Form after eventual approval by the Council).**

2.6 The Council was registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (registration Z2651622 refers). However, the registration expired on 18 April 2022 and has now lapsed. The renewal of the Registration is overdue and the ICO's Public Register no longer records the Council as holding a registration.

2.7 It was noted that the registration (when in force) had a contact address for the Council of Chapel House, Elmswell Road, Great Ashfield, Bury St Edmunds IP31 3HH and accordingly any renewal invitation may have been sent by the ICO to that address.

**Recommendation 2: The Council should, as soon as practicably possible, arrange for the renewal of its registration with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services. The ICO should be advised of the current contact details for the Council so that any data protection issues can be corrected routed to the current Clerk/RFO.**

2.8 The Council has a Data Protection Policy and a Privacy Notice in place, both of which have been published on the Council's website. **The contact details displayed in the Privacy Notice are now out of date and should be updated with the current contact details.**

2.9 The Council has adopted the Suffolk Local **Code of Conduct for Councillors**, a copy of which has been published on the Council's website. The Code applies to all Councillors for the purpose of assisting a Local Council to discharge its duty to promote and maintain high standards of conduct within its area. At the meeting on 27 September 2021 the Council reviewed and approved the Code.

2.10 The Council's published information is currently incorporated within an overall Village website. The Clerk/RFO confirmed that the Council is currently looking to open a new website. Constructing and operating its own website will provide the Council with the opportunity to promptly make all necessary additions and overcome the publication issues referred to at items 2.5 above and 14.1 to 14.3 below.

2.11 Many local councils have followed good practice by publishing a Website Accessibility Statement, which details what has been done to ensure that as many people as possible are able to use the website. Once a new website is opened the Council should look to publish a Website Accessibility Statement to demonstrate compliance with the website accessibility regulations which came into effect from September 2020.

**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 is maintained on a Spreadsheet and is well referenced and provides a good audit trail to the Bank Statements, the Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. These documents provided good evidence in support of the receipts and payments in the year.

3.2 A sample of payments in the year was examined and all was found to be in order with supporting invoices and vouchers in place.

3.3 During the year of account there was a payment of £1,000 made under the Local Government Act 1972 Section 137 (a grant to the Good Neighbourhood Scheme to support the local community).

3.4 VAT payments are separately identified and tracked within the accounts to assist future reclaims to HMRC. The Clerk/RFO reported to Council on 27 September 2021 that reimbursement of £1,291.47 had been received from HMRC in respect of the VAT paid for the year ending 2019/20. The VAT paid during the two years 2020/21 and 2021/22 is now available for reclaim from HMRC.

**Recommendation 3: A reclaim for the VAT paid during the period from April 2020 to the end of March 2022 should be submitted to HMRC as soon as practicably possible.**

3.5. A Statement of Analysis 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 submission to the External Auditors and for publication on the Council's website.

**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 Risk Assessment and Internal Control documentation was considered and approved by the Council on 27 September 2021 (Minute 7). The Council accordingly met the requirements of 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).

4.2 The Council has a standing agenda item for 'Play Area Monthly Report' during which Play Area Reports are received and reviewed. Monthly inspections are carried out by a nominated Councillor and the Reports identify any damage incurred or other risk management issues to be addressed. In addition, the Clerk/RFO confirmed that

monthly reviews are undertaken by West Suffolk Council together with an annual RoSPA examination.

4.3 Insurance was in place for the year of account. The Council approved the renewal premium of £830.36 to Gallagher Insurance Brokers at its meeting on 24 November 2021. The Policy runs from 18 November 2021 to 17 November 2022 and is underwritten by Hiscox Insurance. Employer's Liability cover and the Public Liability cover each stand at £10m. The Fraud and Dishonesty cover stands at £150,000, 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 received.

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

Precept 2021/22: £24,000.00 agreed on 14 December 2020 (£23,653 for Horringer and £347 for Ickworth) (Minute 7 refers) plus £108 Local Council Tax Support Grant.

Precept 2022/23: £30,000.00 agreed on 22 November 2021 (£29,566 for Horringer and £434 for Ickworth) (Minute 8 refers).

5.1 The Draft Budget for 2021/22 and explanatory notes were considered and agreed by the Council at its meeting on 14 December 2020.

5.2 Similarly, a draft Budget for 2022/23 with an analysis of income and expenditure was considered and agreed by the Council at its meeting on 22 November 2021.

5.3 The precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

5.4 Examination of the accounts and supporting documentation confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates for the year 2022/23 can be used effectively for financial control and budgetary control purposes in terms of comparison of actual expenditure against the budget.

5.5 The level of Overall Reserves as at 31 March 2022 amounted to £34,819. The Clerk/RFO confirmed that as at 31 March 2022 the Council had allocated Earmarked reserves of £15,000 for the Villages Hall and £2,000 for Election Costs.

5.6 The General Reserves (Overall Reserves less Earmarked Reserves) accordingly totalled £17,819 which is in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (he JPAG Proper Practices Guide, Item 5.32 refers).