

5.7 As at 31 March 2022 the Council held sufficient overall reserves to meet, within reason, any unforeseen items of expense that may occur.

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

6.1 Receipts recorded in the Cashbook were cross referenced on a sample basis with the bank statements and were found to be in order.

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

7.1 No Petty Cash is held; an expenses system is in place with cheques prepared for expenses incurred.

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

8.1 The Council's Payroll Services are being operated by the Suffolk Association of Local Councils (SALC) in accordance with HMRC regulations. The HMRC P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor and confirmed that a total of £2,995.20 was paid to the Clerk/RFO in the year.

8.2 A Contract of Employment dated 10 June 2019 is in place for the Clerk/RFO. The Contract provides that salary and conditions of service are in accordance with the National Joint Council for Local Government Services (NJC) scheme.

8.3 The Clerk/RFO is required to work 20 hours per month (equates to some 4.5 hours per week). These hours of paid work are low in comparison to the hours worked by Clerk/RFOs of similar sized local councils.

Recommendation 4: In view of some important areas of administration that require development and improvement to secure greater efficiency, the Council may benefit from increasing the hours of work of the Clerk/RFO and revising/updating the Clerk/RFO's Contract of Employment and Job Description to provide (inter alia) that the Clerk/RFO is the designated website administrator in order that the Council's website is managed effectively and all legislative requirements regarding the publication of information are met.

8.4 With regard to the legislative requirements relating to workplace pension schemes, the Council is registered with the Pensions Regulator but the re-declaration of compliance under the Pensions Act 2008 is now overdue (the deadline for submission was 31 December 2020).

Recommendation 5: A re-declaration of compliance should be promptly submitted by the Council to the Pensions Regulator to comply with the requirements of the Pensions Act 2008.

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

9.1 An Asset Register is in place and was reviewed by the Council at its meeting on 27 September 2021 (Minute 7 refers). The Council noted at its meeting on 18 October 2021 that an updated Register had been constructed by the Chairman (Minute 8 refers).

9.2 The Asset Register is comprehensive and lists each asset, its location, the date of acquisition, its valuation and an insurance value.

9.3 The Asset Register as at 31 March 2022 displayed a total value of £105,089, unchanged from the value at the end of the previous year.

9.4 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The assets are displayed at original purchase cost or, in appropriate cases, at a nominal (community) value. The value as at 31 March 2022 has been correctly placed in Box 9 of Section 2 of the AGAR.

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

10.1 The bank statements as at 31 March 2022 for the NatWest Current Account (£10,355.72) and the NatWest Business Reserve Account (£24,533.42) reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation, taking into account two unrepresented cheques at the year end.

11. 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*).

11.1 End-of-year Accounts are prepared on a Receipts and Payments basis and were found to be in good order. Sample audit trails were undertaken and all was found to be in order.

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 financial reports to Council meetings, including details of financial

transactions in the period prior to the meeting and bank balances. Details of payments to be made are presented to Council for approval. The Clerk/RFO ensures that Councillors are provided with information to enable them to make informed decisions.

12.2 Receipts and payments are included in the Minutes of the Council's meetings as part of the overall financial control framework exercised by the Council. Invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made and cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

12.3 Cheque Book counterfoils are being initialled by Cheque Signatories in accordance with the requirements of the Council's Financial Regulations.

12.4 The Clerk/RFO advised the Internal Auditor that the options for operating Internet Banking was currently being examined by the Chairman.

12.5 The Internal Audit for the previous year (2020/21) was received and agreed by the Council at its meeting on 28 June 2021 (Minute 8iii refers). The Report had put forward the following five recommendations:

R1: *The Council should review its Financial Regulations during the year 2021/22 to ensure that they reflect the latest model documents and guidance issued by the National Association of Local Councils. (The Internal Auditor could find no record of Financial Regulations being reviewed in the year 2021/22 and accordingly this recommendation is still outstanding – Standing orders, Code of Conduct, Risk Assessment and Asset Register were reviewed on 27 September 2021)*

R2: *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. (The Council's Registration lapsed on 18 April 2022 and the registration fee is now overdue. The contact details remain out of date).*

R3: *The Council can enhance its overall governance arrangements by maintaining a listing/schedule of current policies, procedures and protocols (data protection and all other policies in force) which will include the frequency of review and the date of the next planned review. This will facilitate a structured, programmed review of policies by the Council to ensure that they continue to be kept up-to-date and fit for purpose. (The Clerk/RFO advised that this will be actioned when time allows).*

R4: *A reclaim for the VAT paid during the period from March 2019 to the end of March 2021 should be submitted to HMRC as soon as practicably possible. The Council may need to discuss with the Clerk/RFO the time required to undertake this duty in order that suitable additional paid time over normal working hours can be authorised, as necessary, to ensure that the task is completed without undue delay.*

(The VAT reclaim for the year 2019/20 was submitted to HMRC. The reclaims for the years 2020/21 and 2021/22 can now be made).

R5: *All the documents required for publication under the Accounts and Audit Regulations 2015 should in future years be published on the Council's website by the due dates. (This issue remains outstanding as the publication requirements were not met in respect of the 2020/21 year of account).*

12.6 The Council formally appointed the Internal Auditor for the 2021/22 year at its meeting on 21 February 2022 (Minute 9 refers).

13. External Audit (Recommendations put forward, issues arising/comments made following the annual review).

13.1 The External Audit for the year 2020/21 was undertaken by PKF Littlejohn LLP, for the year 2020/21. The Report and Certificate by the External Auditors was reported to the Council on 27 September 2021 (Minute 10 refers).

13.2 An External Audit will be required for the year 2021/22 as gross income and gross expenditure exceeded £25,000 in the year of account ending 31 March 2022. The due date for submission of the AGAR and supporting documents to the External Auditors is 30 June 2022.

14. Publication Requirements.

14.1 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 (Published on website)
AGAR - Sections 1 and 2 (Published on website)

To be published following completion of the External Audit:

Notice of Conclusion of Audit (not published on website)

AGAR - Section 3 (not published on website)

AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

14.2 The Clerk/RFO advised the Council at the meeting on 27 September 2021 that the Notice of Conclusion of Audit would be published on the website by the end of September 2021. The Clerk/RFO provided evidence to the Internal Auditor that the website administrator had been requested to publish the documents and, at a later point, had been sent a reminder.

14.3 However, during an examination of the website <http://horringer.org.uk/parish-council/> on 4 February 2022 and at the time of the End of Year Audit on 17 June

2022 both the Notice of Conclusion of Audit and the AGAR - Section 3 had not published on website.

Recommendation 6: The Council should in future years make more robust arrangements for all the documents required for publication under the Accounts and Audit Regulations 2015 to be published on the Council's website by the due dates.

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 June 2022

Annual Internal Audit Report 2021/22

HORRINGER - CUM - ICKWORTH PARISH COUNCIL

horringer.org.uk

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

| Internal control objective | Yes | No* | Not covered** |
|--|-----|-----|---------------------------|
| A. Appropriate accounting records have been properly kept throughout the financial year. | ✓ | | |
| B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | ✓ | | |
| C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | ✓ | | |
| D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. | ✓ | | |
| E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. | ✓ | | |
| F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for. | | | ✓ NOTICE HELD |
| G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied. | ✓ | | |
| H. Asset and investments registers were complete and accurate and properly maintained. | ✓ | | |
| I. Periodic bank account reconciliations were properly carried out during the year. | ✓ | | |
| J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | ✓ | | |
| K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered") | | | ✓ |
| L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements | ✓ | | |
| M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set). | ✓ | | |
| N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes). | | ✓ | SEE DETAILED AUDIT REPORT |
| O. (For local councils only) | Yes | No | Not applicable |
| Trust funds (including charitable) – The council met its responsibilities as a trustee. | | | ✓ |

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

18/06/2022

Name of person who carried out the internal audit

TREVOR BROWN CPFA

Signature of person who carried out the internal audit

T. Brown

Date

18/06/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).