

Internal Audit Report for Glemsford Parish Council for the period ending 31 March 2024

Clerk	Debbie George
RFO (if different)	As Above
Chairperson	Stephen Plumb
Precept	£ 112,978
Income	£ 139,480
Expenditure	£ 187,770
General reserves	£ 79,865
Earmarked reserves	£ 123,671
Audit type	Annual
Auditor name	Mrs Karen Hall-Price

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption

- the integrity and reliability of information, accounts, and data

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2022/23 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

Section 1 – proper bookkeeping		
The internal auditor will look at the methods and processes used to manage the council's accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
Evidence		Internal auditor commentary
Is the ledger maintained and up to date?	Yes	The council uses excel spreadsheets to form the basis of their accounting system detailing receipts and payments ensuring that the financial transactions of the parish council are accurately recorded..
Is the ledger on the correct basis in relation to the gross income/expenditure?	Yes	It was picked up that the income has exceeded the threshold of £200k over a period of 3 consecutive years and current rules state that a council needs to report their

(under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)		financial details on an income and expenditure basis from the third year onwards. This was corrected by the RFO before this internal audit was undertaken.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cash book provides good evidence to support the council's underlying statements. Regular reports are generated and circulated to councillors detailing receipts and payments and the accounts reconciled to the bank statements showing good internal control.
<i>Is the arithmetic correct?</i>	Yes	A number of spot checks were carried out and the functionality of the cashbook was found to be in order.
Additional comments:		

Section 2 – Financial Regulation and Standing Orders The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	<p>The Standing Orders, as seen on the Parish Council's website, show an adopted date of October 2016 with a review date of November 2023. Council's Orders, are based on the latest model published by the National Association of Local Councils (2018) and contain the provisions of the Model Councillor Code of Conduct as adopted by the Council. The Standing Orders are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the Parish Council.</p> <p>At the meeting on 14th November 2023 the council carried out an annual review of its Standing Orders and Financial Regulations. Use</p>

		of the Model Stand Orders (produced by NALC in 2018) and Model Financial Regulations (produced by NALC IN 2019).
Are Financial Regulations up to date and reviewed annually?	Yes	<p>Financial Regulations (FR), as seen on the Council's website show a review date as above of 14th November 2023 and are based on the NALC Model Financial Regulations 2019 with provisions included as outlined under LTN 87 - Procurement – March 2022.</p> <p><i>Comment: at the next annual review, Council might wish to also review the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21st December 2022 and make the changes to the contract value limits from £25,000 to £30,000 for non-central government authorities. The contract value limits are to be calculated inclusive of VAT (effective from 1st January 2022).</i></p>
Has the Council properly tailored the Financial Regulations?	Yes	The Councils Financial Regulations have been tailored to the Parish Council
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. This was reconfirmed by the review and update of the Financial Regulations at the meeting of the Parish Council on 14 th November 2023.
Additional comments:		

Section 3 – Payment controls

The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.

Evidence		Internal auditor commentary
Is there supporting paperwork for payments with appropriate authorisation?	Yes	Records showing payments and dual signatures evidenced. A review of the internal controls was undertaken at the November 23 meeting.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet banking is operated in accordance with the Council's own Financial Regulations and is used for the settlement of the Council's expenditure. The Internal Control Statement details the procedure to be followed for such payments.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is identified with the reclaim for the period covering 06.02.23 – 31.07.23 of £12,626.92 being verified in the bank statements as received on 16.10.23. A second claim is identified but not yet submitted for the period 15.08.23 – 21.03.24 for £15,340.32. – A total of VAT received within the year of £12,626.92 is evidenced accordingly.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	S137 payments are recorded separately within the cash book.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	Yes	PWLB loan amount at 31.03.24 is at £399,000. Repayments made by DDR in June 2023 of £9,242.63 and December 2023 of £9,191.44 verified against bank statements and PWLB year end balance statement correctly identified on the AGAR section 2.
Additional comments:		

Section 4 – Risk management

The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.

Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	The risk assessment documentation as reviewed for provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The Risk assessment documentation for the year under review was reviewed at its meeting of March 2024.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	Council is aware that risk assessment needs to focus on the safety of the parish council's assets and in particular its money. There is evidence that overall the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.
<i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i>	Yes	<p>Council has insurance in place under a specialist policy for local councils with Bhib covering 01/06/23 – 01/06/24 which shows core cover for the following: Public liability: £10,000,000; Employer Liability: £10,000,000 and Fidelity Guarantee of £500,000.</p> <p><i>Comment: Council has followed recommended guidance by ensuring that its Fidelity Cover is equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May.</i></p> <p>During the year, being aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all</p>

		steps have been taken to mitigate and manage identified risks with appropriate insurance, annual reviews of the Council's insurance were undertaken prior to renewal. The minutes of 13 th February 2024 evidence that a review was undertaken.
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	<ul style="list-style-type: none"> At the meeting of November 2023 the council reviewed the Standing Orders, Financial regulations and the internal control and reviewed the appointed the RFO as the Clerk. Code of conduct and the budget was reviewed at the February 2024 meeting. Risk assessments and asset register were reviewed at the March meeting, These were all accepted by the council. <p>This clearly demonstrates public finances are adequately protected and managed and evidence necessary steps have been taken to mitigate any risks identified. Documentation to support control procedures adopted by the council for payments helps protect the RFO and fulfils an internal control objective</p>
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	Yes	The adequacy of the internal audit was discussed by full Council at a meeting held 13 th June 2023. By reviewing the terms of reference and effectiveness for internal audit the council has followed guidance and demonstrates that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.
Additional comments:		

Section 5 – Budgetary controls		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
Evidence		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for 2023/2024 was agreed at a meeting of full council on 13 th February 2023 and was viewed by the Internal Auditor.

<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept for 2023/2024 was set at £112,978 and formally approved at a meeting of full council on 12 th December 2022.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	Reporting is conducted
<i>Reserves held – general and earmarked⁶</i>	Yes	The councils accounts show a general reserve of £79,475 and an earmarked reserve of £123,671. Council is aware of the guidance as issued by Proper Practices which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).
Additional comments:		

Section 6 – income controls		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
Evidence		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	Yes	Income is recorded in accordance with Councils Financial Regulations. A number of income items were cross checked against the monthly cash books and bank statements and found to be in order.
<i>Is income reported to full council?</i>	Yes	Income is reported to full council and recorded within the minutes.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The receipt of the precept to the value of £112,978 was recorded in two separate payments in April of £56,489 and September of £56,489.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?</i>	Yes	The CIL report ending March 2023 was available on the Parish Council website, CIL report ending March 2024 was available on the parish council
<i>Is CIL income reported to the council?</i>	Yes	

<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	website and shows CIL received of £25.53, with nothing spent during the financial year and CIL reserves retained of £2,462.32.
<i>Has an annual report been produced?</i>	Yes	CIL income is reported as it is received as part of the monthly minutes of the parish council. CIL monies retained does form part of the earmarked reserves.
<i>Has it been published on the authority's website?</i>	Yes	
Additional comments:		

Section 7 – petty cash		
The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	The Council does not operate a petty cash system
<i>If appropriate, is there an adequate control system in place?</i>	N/A	
Additional comments:		

Section 8 – Payroll controls		
The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
Evidence		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	Yes	Employment contracts were not reviewed during the internal audit which was carried out remotely. The clerk confirmed a contract of employment was in place. Salary is approved by full council.
<i>Has the Council approved salary paid?</i>	Yes	

<i>Minimum wage paid?</i>	N/A	
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	The payroll function is operated in accordance with HM Revenue and Custom guidelines. There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines. SALC payroll software is used to provide payroll data. Cross-checks were completed on three payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the year under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Yes	Council is aware of its pension responsibilities and payments are made in accordance with timescales agreed with the Council's Pension Provider. Pension contributions are made to SCC local government pension scheme.
<i>Have pension re-declaration duties been carried out</i>	Yes	This was auto enrolled through SCC – Although this was not evidenced but the Clerk recognised this error and confirmed that this had been completed.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	There is a satisfactory expense system in place and all staff expenses claimed are approved in accordance with Council's Financial Regulations.
Additional comments:		

Section 9 – Asset control

The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.

Evidence		Internal auditor commentary
<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?</i>	Yes	The Asset Register, as provided and viewed on the Council's website, and as approved at the meeting of 12 th March 2024 was reviewed during the Internal Audit for year-end and reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end (31.03.2024) is £2,027,665 which reflects overall movement in the asset register covering acquisitions and disposals. Deeds, articles and land registry documents were not viewed at the time of the audit.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	
<i>Are records of deeds, articles, land registry title number available?</i>	N/A	
<i>Are copies of licences or leases available for assets sited at third party property?</i>	N/A	
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The Asset register details regular reviews and was discussed at the March full meeting of the Parish Council on 12 th March 2024.
<i>Cross checking of insurance cover</i>	Yes	Insurance cover was reviewed in February 2023 for the renewal in June 2023 and has been reviewed in February 24 for the renewal due in June 2024 which details a review of the council assets.
Additional comments:		

Section 10 – bank reconciliation

The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.

Evidence		Internal auditor commentary								
Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?	Yes	Bank reconciliations are conducted on a monthly basis within the accounting statements.								
Do bank balances agree with bank statements?	Yes	<div>Bank balances agree with period end statements. As at Year end 31st March 2024 the balance across the council’s accounts stood at</div> <table><tr><td>PC Main A/c</td><td>£25,859.36</td></tr><tr><td>V/Hall A/c</td><td>£10,312.6</td></tr><tr><td>Deposit A/c</td><td>£165,102.96</td></tr><tr><td>Total</td><td><u>£201,274.92</u></td></tr></table> <div>AGAR reports £201,275 rounded</div>	PC Main A/c	£25,859.36	V/Hall A/c	£10,312.6	Deposit A/c	£165,102.96	Total	<u>£201,274.92</u>
PC Main A/c	£25,859.36									
V/Hall A/c	£10,312.6									
Deposit A/c	£165,102.96									
Total	<u>£201,274.92</u>									
Is there regular reporting of bank balances at Council meetings?	Yes	Account balances are provided on a monthly basis within the accounting statements at full council meetings.								

Section 11 – year end procedures		
Evidence		Internal auditor commentary
Are appropriate accounting procedures used?	Yes	This has been picked up and amended with the revised accounting files being presented for the internal audit.
Financial trail from records to presented accounts	Yes	There is a clear financial trail from budgeting, invoice, authorisation, payment and banking
Has the appropriate end of year AGAR ¹⁰ documents been completed?	Yes	As Council is an authority with gross income and expenditure exceeding £25,000 it will be required to complete Part 3 of the AGAR. Section 2 – Accounting Statements (draft) was provided to the auditor.
Did the Council meet the exemption criteria and correctly declared itself exempt?	N/A	The council was not exempt from audit due to having income and expenditure exceeding £25k.
During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?	Yes	The dates for the exercise of public rights were set as to which included the mandatory first 10 working days of July. This was then evidenced on the council's website with the notice publicised.
Have the publication requirements been met in accordance with the Regulations? ¹¹	Yes	<p>The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 but not exceeding £6.5 million for the year ending 31 March 2023 and published the following on a public website:</p> <ul style="list-style-type: none"> • Internal Audit Report of the AGAR • Section 1 – Annual Governance Statement of the AGAR • Section 2 – Annual Accounting Statements of the AGAR • Section 3 – External Audit Report and Certificate. • Notice of the period for the exercise of public rights • The Notice of the conclusion of audit
Additional comments:		

Section 12 – internal audit

The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.

Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The Internal Audit Report was considered by full council at a meeting held 13 th June 2023.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	Council reviewed the contents of the internal audit report
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	The Council confirmed the appointment of the Internal Auditor for the period under review at the meeting held on 13 th June 2023.
Additional comments:		

Section 13 – external audit for the period under review

The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.

Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?¹²</i>	Yes	It was agreed at the meeting of 12 th September 2023 to consider and accept the external audit report.
<i>Has appropriate action been taken regarding the comments raised?</i>	Yes	The amendments to the AGAR to be corrected in the prior year has been done.
Additional comments:		

Section 14 – additional information

The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.

Evidence		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> ¹³	Yes	The Annual Parish Council Meeting was held 9 th May 2023 with its first item on the agenda the election of the Chairman and signing of the Declaration of Acceptance of Office as specified in the councils Standing Orders.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴	Yes	Minutes are numbered according to the month and recorded within the minutes as a true record of the meeting held.
<i>Is there a list of members' interests held?</i>		
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	The Council has no trustee responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>		
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> ¹⁵	Yes	The Council is registered with the ICO as a data controller. Registration Certificate ZA072956 expiry date 28 th August 2024.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>		
<i>Has the Council published a website accessibility statement on their website in line with Regulations?</i> ¹⁶		The council has published a Website Accessibility Statement.
<i>Does the council have official email addresses for correspondence?</i> ¹⁷	Yes	<p>The clerk of the council has an official email address for council correspondence as clerk@glemsfordpc.co.uk. However, it appears that Cllrs use personal email addresses.</p> <p>Recommendation: It is advised but not mandatory yet that all parish councils should take a.gov.uk email address thereby ensuring compliance with GDPR and demonstrating that the council has an official status thereby building trust, credibility and</p>

		authenticity. Cllrs should also be provided with official designated parish council email addresses moving forward.
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council backs up its files regularly on a remote hard drive
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	The Council has working groups.
Additional comments:		

Signed:

Date of Internal Audit Visit: Date of Internal Audit Report:

On behalf of Suffolk Association of Local Councils