

Annual Audit 2021-2022

The following financial documents were submitted to the Internal Auditors in April and reported to the Parish Council at its April Meeting (Report **WPC.22.04.03** refers).

- Bank reconciliation to 31st March 2021
- Year End accounts for financial year 2020-2021
- Financial Risk Assessment
- Draft Part 3 Agar submission
- Explanation of significant variances

The Annual Audit has now been completed by the council's appointed Internal Auditors SALC (**Min. 22.01.11.1 refers**) and their report is attached as **Appendix A** to this report.

The reported noted that that Council continued to maintain effective governance arrangements including a robust framework of financial administration and internal controls.

Comments made in the report are attached in a table at Appendix B to this report.

The following recommendations were made which require action on the part of either the Council or the Council's Responsible Finance Officer:

1. **Recommendation:**

Council is advised to ensure that the annual review of the effectiveness of the system of internal takes place and is evidenced within the Council's documentation and minutes.

2. **Recommendation:**

Council should consider adopting specific policies that will provide details under the GDPR as to the information held by the council, who it is shared with and how it is used. Council's Data Protection Policy should be updated to provide information covered by the GDPR which would give the public information as to what can be expected in the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party. Council is also recommended to have written procedures in place for dealing with data breaches and subject access requests. The current Data Protection Policy refers only to information held under the Data Protection Act 1998.

The Council's revised Risk Assessment as adopted at an Extraordinary meeting on 7th April (Min. **EO22.04.08** refers) is attached as Appendix C.

The Council's accounts for the 12 months to 31st March 2022 are attached as Appendix D.

The Council's Annual Governance Statement is attached to this report as follows:

- Section 1 – Appendix E
- Section 2 – Appendix F

A summary of significant variations is attached as Appendix G to this report.

The period for public inspection of the Annual Accounts will be between Monday 20 June – Friday 29 July 2022 and a notice will be published and posted to that effect.

Hilary Workman
Clerk & RFO
May 2022

Internal Audit Report for Wickhambrook Parish Council for the year ending 31st March 2022

Clerk	Hilary Workman
RFO (if different)	
Chairperson	Paul Couzens
Precept	£ 35,610.00
Income	£ 57,704.36
Expenditure	£ 62,239.28
General reserves	£ 9,478.60
Earmarked reserves	£ 29,350.00
Audit type	Annual
Auditor name	Victoria Waples

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 2020/21 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	<i>Internal auditor commentary</i>	
<i>Is the ledger maintained and up to date?</i>	Yes	The council uses an excel spreadsheet to produce reports on a Receipts and Payments basis. The cashbook supplied for internal audit is limited in detail and merely confirms the financial transactions of the parish council at any one point in time over budget headings. The year-end accounts provide overall details of the expenditure incurred. Council uses the Rialtas Software Package for its Cemetery Records. <i>Comment: The RFO might wish to consider amending the manner in which the accounting records are contained to ensure that the records contain daily entries of receipts and expenditure and the matters to which they relate and that all transactions are well referenced to provide an effective tool for the basis of the council’s internal controls.</i>
<i>Is the cash book up to date and regularly verified?</i>	Yes	The Responsible Financial Officer (RFO) has continued to ensure that the cashbook is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system. The cashbook is reconciled on a monthly basis.
<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	The Council reviewed its Standing Orders at its meeting of 6 th May 2021, a copy of which can be found on the Council's website and are based on the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in 2013.
Are Financial Regulations up to date and reviewed annually?	Yes	<p>The Council's Financial Regulations (FR) were reviewed at the same meeting, a copy of which can be found on the Council's website and are based on the Model Standing Orders produced by NALC in 2019 and contain provisions for procuring contracts.</p> <p>At the meeting of 25th November 2021, Council agreed to waive the requirement of obtaining 3 quotations in respect of contracting the professional planning services of Places4People to support the Parish Council with the preparation of the Wickhambrook Neighbourhood Plan as this would enable the Council to negotiate a price without competition for specialist services. It was acknowledged that the work of Places4People was known to the Council as advice had previously been procured (FR 11.1(a)ii refers). The minutes of 30th September 2021, direct the Clerk to apply to West Suffolk Council for the parish of Wickhambrook to be designated a Neighbourhood Area for the purpose of preparing a Neighbourhood Plan. All relevant documentation to support this resolution as submitted to full Council was seen within the agenda papers submitted and uploaded to the publicly accessible website upon which the Parish Council has a presence.</p>
Has the Council properly tailored the Financial Regulations?	<i>Partly met</i>	<p>The Council's Financial Regulations have in the main been tailored to the Parish Council.</p> <p><i>Comment: Council is advised to note that where the Model Financial Regulations has information in [square brackets], this part should either be deleted (if not relevant) or inserted with an alternative option (if provided) or adopted in its entirety by the removal of the [square brackets]</i></p> <p><i>The value inserted in [square brackets] in any of the paragraphs (other than the EU Procurement and Public Contract Regulations 2015 thresholds referred to in 11.1a (England), 11.1b (England) and 11.1k (Wales) may be varied by the council and should be reviewed regularly and confirmed annually by the council.</i></p>

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 confirmed by full Council at its meeting f 13 th January 2022.
Neighbourhood Planning (Localism Act 2011)		In recognition that Neighbourhood Planning is a right for communities introduced through the Localism Act 2011, the parish council made significant progress with preparatory work that would allow it to commence the process of producing a Neighbourhood Plan which will enable it, in conjunction with the community, to shape development in its area. At the meeting of 30 th September 2021, the clerk was directed to apply to West Suffolk Council for the parish of Wickhambrook to be designated a Neighbourhood Area for the purpose of preparing a Neighbourhood Plan.
Additional comments: It is noted that the minutes of 9 th March 2022 proposed that the Council's Orders and Financial Regulations be readopted at the Annual Meeting scheduled for May 2022. Council might wish to note that LTN87 – Procurement - has provided an update on the thresholds for procuring contracts. The amended values should be incorporated into the Council's Standing Orders and Financial Regulations at the next annual review.		

<p>Section 3 – Payment controls</p> <p>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.</p>		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	Council continues with the system whereby, at each full Council Meeting a list of all payments due for settlement is presented to the meeting with formal approval of such expenditure being shown in the minutes and

¹ Section 151 Local Government Act 1972 (d)

		evidence of such paperwork in the files submitted for internal audit. Payments made away from the meeting are also brought back to full Council as retrospective payments and approved at the next 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. Evidence is retained showing which Councillors authorised the release of the payment by having the authorisation form signed by the members in accordance with the payment spreadsheet as submitted at each relevant meeting.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is clearly identified in the cash book and the year-end position of £6,109.74 is verified in the cashbook. The claim for the period ending 31 st March 2021 as identified in the year-end accounts for that year in the sum of £7,816.10 was received during the year under review.
Has the Council adopted the General Power of Competence (GPOC)? ²	Yes	The Council is not using the General Power of Competence.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	The final accounts shows the overall sums incurred under s137 of the 1972 Act. However, the cashbook initially has limited ability to allow the details of payments made under s137 to be clearly identified. Upon clarification from the RFO, it is confirmed that payments made are in accordance with the budget set with reference to the statutory limit for such expenditure. Expenditure for the year under review totalled £200.00.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	<i>Not applicable</i>	Council has no such loans.
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.

² Localism Act

³ Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £8.41 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	The risk assessment documentation submitted for Internal Audit 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 Register for the year under review was reviewed by full Council at its meeting of 3 rd June 2021.
<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 Parish Protect for Policy with The Military Mutual which shows core cover for the following: Premises Cover (Chapel of Rest) £151,609; Business Interruption £20,000; Public liability: £10m; Public/Products Liability: £10m and Fidelity Guarantee of £250k.</p> <p>An annual review of the Council's insurance was undertaken during the year with Council being aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance. It was confirmed at the meeting of 6th May 2021 that there had been no material changes to warrant amendments to the existing insurance policy.</p> <p><i>Comment: At the meeting of 22nd February 2022, Councillors considered a proposal for insurance cover for the next financial year and, noting the premiums and cover options available from the quotations provided, Council confirmed that its approved insurer for the coming year would be Zurich Municipal. The Clerk was instructed to arrange such cover.</i></p>
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Partly met	Whilst Council is aware that, in accordance with the Accounts and Audit Regulations 2015, it should formally review the effectiveness of its system of

⁴ Accounts and Audit Regulations

		<p>internal control to ensure that it has mitigation measures on place to address the risks associated with the management of public finances, there is no minute within the year under review to demonstrate that this has been carried out within the actual year. The Internal Control review carried out in March 2021 and adopted by the Council for the year 2020-2021 states that there is to be an annual review of the policy by March 2022.</p> <p><i>Comment: although the Council's internal control measures are contained within its Internal Control Statement, Council should be aware that in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, it should conduct each financial year a review of the effectiveness of the system of internal control. This review will be used to inform the council's preparation of its annual governance statement.</i></p> <p>Recommendation: Council is advised to ensure that the annual review of the effectiveness of the system of internal takes place and is evidenced within the Council's documentation and minutes.</p>
<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></p>	<p>Yes</p>	<p>The effectiveness of internal audit was reviewed within the Risk Management Policy discussed by full Council for the year ending 31st March 2022 at the meeting of 13th January 2022.</p> <p><i>Comment: by reviewing the terms of reference and effectiveness for internal audit, the council has followed guidance and demonstrated 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.</i></p>
<p>Additional comments:</p>		

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

⁵ Practitioners Guide

Evidence		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for the year 2021-2022 in the sum of £46,355 was approved at the Council meeting of 21 st January 2021 although there is no confirmation within the minutes as to the final budget figure being set.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept was set at £35,610 for 2021/2022, as confirmed at the above meeting, with the paperwork demonstrating that this was a 0.54% decrease per Band D property.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	In accordance with Council's own standing orders and terms of reference, a quarterly statement summarizing the Council's receipts and payments and aggregate receipts and payments for the year to date with balances held is submitted and considered by the Council. The reports provide evidence of comparisons between budgeted and actual income and expenditure and form the basis of approval for virements in accordance with Council's own Financial Regulations.
<i>Reserves held – general and earmarked⁶</i>	Yes	<p>Council's final accounts show general reserves in the sum of £9,478.60 with earmarked reserves in the sum of £29,350.</p> <p>It is noted that the meeting of 28th April 2022 has an agenda item to discuss and approved the allocation of Council's General Reserves to Earmarked Reserves.</p> <p><i>Comment: Council might wish to note 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 and should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. 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).</i></p>
<p>Additional comments: <i>By following the recommended key stages as to the budgetary process, as well as monitoring actual performance against budget during the year, the Council has demonstrated that it understands and follows best practice and is suitably placed to take corrective action where necessary.</i></p>		

⁶ In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

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 Council's Financial Regulations. A number of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. The RFO has ensured that the accounting records contain all day-to-day entries of all sums of money received.
<i>Is income reported to full council?</i>	Yes	Income received is reported to full Council within the financial reports submitted to full Council.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The council received precept of £35,610 during the year under review in April 2021. Evidence was provided showing a full audit trail from Precept being discussed and approved at the meeting of 21 st January 2021, served on the Charging Authority to receipt of same in the Council's Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Not applicable	West Suffolk in which Wickhambrook is situated does not operate the CIL levy.
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

⁷ Community Infrastructure Levy Regulations 2010

<i>Is petty cash in operation?</i>	<i>Not applicable</i>	Petty cash is not operated by the Council.
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. If the Clerk was recruited after 1 st April 201, evidence will be required to show compliance with the new requirements for the statement of employment, Induction, probation periods and training requirements. 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	Council had 1 employee on its payroll at the period end of 31 st March 2022. Employment contracts were not reviewed during the internal audit. <i>Comment: the minutes of 13th January 2022 confirm that the Clerk's hours be increase with effect from 1st April 2022 with the minutes of 28th May 2021 confirming that a review of salaries was also carried out.</i>
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are authorised by full council.
<i>Minimum wage paid?</i>	<i>Not applicable</i>	The minimum wage is not applied.
<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	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 and outsourced to Accountability Plus. 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.

<p><i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i></p>	<p>Yes</p>	<p>Council is aware of its pension responsibilities and payments are made in accordance with timescales agreed with the Council's Pension Provider. The minutes of 24th February 2022 confirm that the Council has moved its auto-enrolment pension arrangements from SMART Pension to Nest.</p> <p><i>Comment: Council should note that every three years an employer must put certain staff back into a pension scheme. This is known as 're-enrolment'. This is an employer's legal duty and Council's must let the Pension Regulator know when they have completed the task by completing and submitting a re-declaration of compliance. If the Council last carried out its re-enrolment duties in 2019, it should ensure that it is aware of its re-enrolment duties and comply with the deadlines as stated in communications from the Pension Regulator.</i></p>
<p><i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i></p>	<p>Yes</p>	<p>Council is aware of the changes in the Practitioners Guide for 2020 on the treatment of what can be included as employment expenses within the Annual Governance and Accountability Guide 2020 - section 2.16 refers and submitted within Box 4 of the AGAR. All expenses / payments made are against itemised invoices submitted to and approved by the Finance full Council.</p>
<p>Additional comments:</p>		

<p>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.</p>	
<p>Evidence</p>	<p>Internal auditor commentary</p>

⁸ The Pension Regulator – [website click here](#)

<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i>	Yes	The Asset Register was reviewed during the Internal Audit Visit 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 (31.03.2022) is £326,577.17.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2021 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied and if/where amended, it will need to publish and provide explanations in changes in value to any previously recorded assets
<i>Are records of deeds, articles, land registry title number available?</i>	Yes	Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	Whilst the asset register is still to be off by the council, the register as seen on the website shows movement in the year of £9,818.79 reflecting items that have been purchased from the Council's revenue budget. The value of £326,577 is that which is declared as the Council's Assets on the Accounting Statements of the AGAR which are due to be signed off by the Council at a later meeting.
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under a Parish Protect Policy for all risks cover for its assets to the value of £200,000.
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
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the financial reports submitted at each meeting.

⁹ Practitioners Guide

<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with period end statements and, as at year end (31 st March 2022) the balance across the councils accounts stood at £38,828.60 as recorded in the Draft Statement of Accounts and on the Year-end Bank Reconciliation.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Balances across the Council's accounts are reported at each meeting of full Council. In accordance with Council's Internal Control Statement, a Councillor is appointed to have responsibility for bank reconciliation checks.
Additional comments:		

Section 11 – year end procedures		
Evidence		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and expenditure basis, and all were found to be in order.
<i>Financial trail from records to presented accounts</i>	Yes	There is a full audit trail from records to presented accounts.
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete Part 3 of the AGAR. Section 2 - Accounting Statements of the AGAR were completed but unsigned by the RFO at the time of Internal Audit.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	<i>Not applicable</i>	As the Parish Council had gross income and expenditure exceeding £25,000 it was not able to declare itself exempt from a limited assurance review.
<i>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?</i>	Yes	The Internal Auditor is able to confirm that the parish council can demonstrate that it correctly provided for the exercise of public rights as required by the 2015 Regulations. Dates set were from 14 th June to 23 rd July 2021.

¹⁰ Annual Governance & Accountability Return (AGAR)

<i>Have the publication requirements been met in accordance with the Regulations?</i> ¹¹	Yes	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 2021 and published the following on a public website: 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 Notice of the conclusion of audit
Additional comments:		

<p>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.</p>		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	In accordance with Proper Practices, Council considered the internal audit report for the year ending 31 st March 2021 at its meeting of 3 rd June 2021 with the Council agreeing a formal response to the recommendations and/or comments raised by the internal auditor.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	The following recommendation from the Internal Audit ending 31 st March 2021, as seen on the Council's website, have been actioned: 1. To include a reference to the General Data Protection Regulations in the Council's Risk Assessments.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	SALC were appointed as the Council's internal auditors for the year ending 31 st March 2022 at the meeting of 13 th January 2022.
Additional comments:		

¹¹ Accounts and Audit Regulations 2015

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	At the meeting of full Council of 30 th September 2021, Council considered the report from the External Auditor for the year ending 31 st March 2021.
<i>Has appropriate action been taken regarding the comments raised?</i>	Yes	<p>Whilst there were no matters which come to the attention of the external auditor which have cause for concern that relevant legislation and regulatory requirements had not been met, the following comments were made by the external auditor “The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment. Information received from the smaller authority indicates that it does not have a formal policy in respect of the valuation of fixed assets. Our understanding is that certain classes of assets are valued at insurance value and others at original cost which is an acceptable method in accordance with the Practitioners’ Guide. However, we recommend that the authority agrees a formal policy regarding the valuation of each class of asset and this is noted on the fixed asset register to ensure consistency and transparency.”</p> <p><i>Comment: during the year under review, at its meeting of 30th September 2021, Council adopted an Asset Register Policy which covers valuation of assets and the procedure for updating the asset register.</i></p>
Additional comments:		

Section 14 – additional information
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¹² Regulation 20 Accounts and Audit Regulations 2015 – *following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.*

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 <i>(Note to auditor- emergency Regulations because of the COVID-19 pandemic)</i> ¹⁴	Yes	Council held its Annual Meeting of the Parish Council at which the Chair and other Officers were elected on 6 th May 2021 via the Zoom Videoconferencing platform and in accordance with legislation in place at that time. In accordance with the repeal of the Coronavirus Act 2020 legislation, all meetings held after 7 th May 2021 were held in person.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁵	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.
<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the District Authority's website the Register of Interests for all current Parish Councillors. <i>Comment: Council might wish to note that, whilst the monitoring officer of the District Council must arrange for the parish council's register of members' interests to be available for inspection in the district which must be published on the district council's website, where the parish council has its own website, its register of members' interests must also be published on that website. (Openness and transparency on personal interests - A guide for councillors – August 2012).</i>
<i>Does the Council have any Trustee responsibilities ??</i>	<i>None held</i>	Council does not have any Trustee Responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	<i>Partly met</i>	Councils with income over £25,000 but under £200,00 will be expected (but are not legally required to do so) to follow the Local Government Transparency Code 2015 (turnover exceeding £200,000). Council is working towards ensuring compliance with the requirements under the Transparency Code 2015 for those items that are relevant to the Council.

¹³ The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

¹⁴ The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

¹⁵ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

<i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁶</i>	Yes	The council is correctly registered with the ICO as a Data Controller in accordance with legislation. Reference: ZA074439 Expiry 14 th September 2022. Council's Publication Scheme detailing the type of information the Council holds and how it will make it available to the public was reviewed by full Council at the meeting of 6 th May 2021.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Partly met	<p>Whilst Council has taken further steps during the year under review to ensure that there is a reference to GDPR within the Council's Risk Assessment Documentation, it is recommended that further action be taken to ensure compliancy.</p> <p>Recommendation: Council should consider adopting specific policies that will provide details under the GDPR as to the information held by the council, who it is shared with and how it is used. Council's Data Protection Policy should be updated to provide information covered by the GDPR which would give the public information as to what can be expected in the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party. Council is also recommended to have written procedures in place for dealing with data breaches and subject access requests. The current Data Protection Policy refers only to information held under the Data Protection Act 1998.</p>
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁷</i>	Yes	The website accessibility statement seen on the Council operated website details the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.
<i>Does the council have official email addresses for correspondence?¹⁸</i>	Yes	Council has its own email address which is owned by the parish council and not connected to a personal email account.

¹⁶ Data Protection Act 2018

¹⁷ Website Accessibility Regulations 2018

¹⁸ Practitioners Guide

		<i>Comment: Council might wish to consider guidance issued over the use of a secure e-mail system with a gov.uk address which would be owned by the parish council (section 5.16 of the Practitioners' Guide to Proper Practices – March 2021 refers).</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council has in place a system whereby back-up of the council's data is taken and stored.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	The terms of reference for the Council's Estates Committee were confirmed by full Council at its meeting of 6 th May 2021.
<p>Additional comments: <i>Local Government Transparency Code 2015 - to ensure full compliance with the requirements of the Local Government Transparency Code 2015 (for Council whose gross annual income or expenditure (whichever is the higher) exceeds £200,000), Council might wish to note that its website should be updated with the following information in accordance with the required timescales:</i></p> <p><i>quarterly:</i> <i>Individual items of expenditure that exceed £500;</i> <i>Government Procurement Card transactions;</i> <i>Invitations to tender for contracts over £5,000;</i> <i>Details of contracts that exceed £5,000;</i></p> <p><i>annually:</i> <i>Details of all land and building assets;</i> <i>Grants to Voluntary, Community and Social Enterprise Organisations;</i> <i>Organisation Chart;</i></p>		

Signed: V S Waples

Date of Internal Audit Visit: 01.05.22 & 03.05.22

Date of Internal Audit Report: 04.05.2022

On behalf of Suffolk Association of Local Councils

Item	Comments	Action
1	<i>Comment: The RFO might wish to consider amending the manner in which the accounting records are contained to ensure that the records contain daily entries of receipts and expenditure and the matters to which they relate and that all transactions are well referenced to provide an effective tool for the basis of the council's internal controls.</i>	Daily records maintained on spreadsheet against each bank account. The clerk is now fully using the accounting package which should address this issue.
2	<i>Comment: Council is advised to note that where the Model Financial Regulations has information in [square brackets], this part should either be deleted (if not relevant) or inserted with an alternative option (if provided) or adopted in its entirety by the removal of the [square brackets] The value inserted in [square brackets] in any of the paragraphs (other than the EU Procurement and Public Contract Regulations 2015 thresholds referred to in 11.1a (England), 11.1b (England) and 11.1k (Wales) may be varied by the council and should be reviewed regularly and confirmed annually by the council.</i>	This has been addressed in the review of Council Documents
<i>Additional Comments: It is noted that the minutes of 9th March 2022 proposed that the Council's Orders and Financial Regulations be readopted at the Annual Meeting scheduled for May 2022. Council might wish to note that LTN87 – Procurement - has provided an update on the thresholds for procuring contracts. The amended values should be incorporated into the Council's Standing Orders and Financial Regulations at the next annual review.</i>		Standing Orders and Financial Regulations updated
4	<i>Comment: At the meeting of 22nd February 2022, Councillors considered a proposal for insurance cover for the next financial year and, noting the premiums and cover options available from the quotations provided, Council confirmed that its approved insurer for the coming year would be Zurich Municipal. The Clerk was instructed to arrange such cover.</i>	
5	<i>Comment: although the Council's internal control measures are contained within its Internal Control Statement, Council should be aware that in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, it should conduct each financial year a review of the effectiveness of the system of internal control. This review will be used to inform the council's preparation of its annual governance statement. Recommendation: Council is advised to ensure that the annual review of the effectiveness of the system of internal takes place and is evidenced within the Council's documentation and minutes.</i>	Review to be scheduled with appointed Chair
<i>Comment: by reviewing the terms of reference and effectiveness for internal audit, the council has followed guidance and demonstrated 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.</i>		
5	<i>Comment: Council might wish to note 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 and should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. 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).</i>	Reserves policy has been adopted and reviewed. General Reserves as a proportion of Net Revenue Expenditure reported in budget reports
<i>Additional Comments: By following the recommended key stages as to the budgetary process, as well as monitoring actual performance against budget during the year, the Council has demonstrated that it understands and follows best practice and is suitably placed to take corrective action where necessary.</i>		
6	<i>Comment: although the Council's internal control measures are contained within its Internal Control Statement, Council should be aware that in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, it should conduct each financial year a review of the</i>	This matter has been requested and will be scheduled.

Item	Comments	Action
	<i>effectiveness of the system of internal control. This review will be used to inform the council's preparation of its annual governance statement.</i>	
7	<i>Comment: the minutes of 13th January 2022 confirm that the Clerk's hours be increase with effect from 1st April 2022 with the minutes of 28th May 2021 confirming that a review of salaries was also carried out.</i>	
	<i>Comment: Council should note that every three years an employer must put certain staff back into a pension scheme. This is known as 're-enrolment'. This is an employer's legal duty and Council's must let the Pension Regulator know when they have completed the task by completing and submitting a re-declaration of compliance. If the Council last carried out its re-enrolment duties in 2019, it should ensure that it is aware of its re-enrolment duties and comply with the deadlines as stated in communications from the Pension Regulator.</i>	RFO to check that this task has been completed.
	<i>Comment: during the year under review, at its meeting of 30th September 2021, Council adopted an Asset Register Policy which covers valuation of assets and the procedure for updating the asset register.</i>	
	<i>Comment: Council might wish to note that, whilst the monitoring officer of the District Council must arrange for the parish council's register of members' interests to be available for inspection in the district which must be published on the district council's website, where the parish council has its own website, its register of members' interests must also be published on that website. (Openness and transparency on personal interests - A guide for councillors – August 2012).</i>	Clerk to ensure Website updated accordingly
	Recommendation: Recommendation: Council should consider adopting specific policies that will provide details under the GDPR as to the information held by the council, who it is shared with and how it is used. Council's Data Protection Policy should be updated to provide information covered by the GDPR which would give the public information as to what can be expected in the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party. Council is also recommended to have written procedures in place for dealing with data breaches and subject access requests. The current Data Protection Policy refers only to information held under the Data Protection Act 1998.	Information and Data Protection Policy reviewed and updated to address this.
	<i>Comment: Council might wish to consider guidance issued over the use of a secure e-mail system with a gov.uk address which would be owned by the parish council (section 5.16 of the Practitioners' Guide to Proper Practices – March 2021 refers).</i>	This was considered in 2021 – the process for a move to .gov.uk is complex and has financial implications. Review again.
	Additional Comments: <i>Local Government Transparency Code 2015 - to ensure full compliance with the requirements of the Local Government Transparency Code 2015 (for Council whose gross annual income or expenditure (whichever is the higher) exceeds £200,000), Council might wish to note that its website should be updated with the following information in accordance with the required timescales:</i> <i>quarterly:</i> <i>Individual items of expenditure that exceed £500;</i> <i>Government Procurement Card transactions;</i> <i>Invitations to tender for contracts over £5,000;</i> <i>Details of contracts that exceed £5,000;</i>	Items of Expenditure over £500 are already listed on the website. Other matters will be updated to the website.

Item	Comments	Action
	<i>annually; Details of all land and building assets; Grants to Voluntary, Community and Social Enterprise Organisations; Organisation Chart;</i>	

Topic	Risk Identified	Risk Level H/M/L	Management of Risk	Staff action
Assets	Loss, Damage etc	M	Annual inspection, update insurance and asset registers	Diary
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance	Diary
	Loss of financial assets	L	The Council advises its insurers and introduces such further safeguards, such as increased fidelity insurance, as may be required by the Insurers.	RFO to advise
Budget	Inadequate/unsound budget leading to insufficient precept	L	Clerk/RFO and Members to build sound budget, using risk register and known commitments linked to forward planning. Members to consider Reserves Policy built into Financial Regulations.	Clerk/RFO to forward plan on budget from September meeting, review planned activities for the next financial year
	Failure to stay within agreed budgets	L	Clerk to review and prepare bi-monthly budget updates to parish council Internal monitoring to check Reserves Policy to mitigate short-term impact of loss.	RFO to report on spend against budget
	Goods not supplied to Council	M	Follow up on all orders	Approval check
	Invoice incorrectly calculated or recorded	L	Check arithmetic on invoices and perform bank reconciliations on at least bi-monthly basis	Clerk to undertake Member to verify

Direct Costs and overhead expenses	Cheque payable is excessive or to wrong party	L	Signatory initials Stub & Voucher	Approval check
	BACs payment is excessive or to wrong party	M	Invoices circulated to Cllrs in pdf format with Agenda. Authorised signatories to check payment transaction against invoice before approving.	Members to verify
	Orders for Work, Goods & Services	M	Orders supported by purchase order & relevant minute number	RFO to check PO, Resolution
Election Costs	Invoice at agreed rate	L	RFO check and consider budget	RFO verify
Financial Records	Inadequate Records	L	RFO/Clerk check annual & internal audit review	Diary
Grants	Claims procedure	M	Clerk/RFO check as required	Diary
	Receipt of grant when due	M	Clerk/RFO check as required	Diary
Grants & support	No power to pay or no evidence of agreement of Council to pay	M	Minute Council agreement with the power used to authorize payment	RFO check Member verify
	Conditions agreed	L	Agree and document any reasonable conditions	RFO check

Internet Banking	BACs Payments of Invoices	L	The Council appoints two Councilors (who are not cheque signatories) to verify the schedule of payments made from the internet banking account against sample invoices selected at random on a regular basis.	RFO makes schedule of payments available to Cllrs by pdf doc prior to each ordinary meeting
	Access codes & passwords	M	The internet banking access codes and passwords are retained securely by the Clerk/RFO and no internet banking is undertaken on a computer to which the public have access.	Computers are password protected and hard copies kept in locked filing cabinet.
	Online security	M	The Council installs, and keeps updated, anti-virus software on all computers used for Internet Banking.	Clerk to check parish laptops and that Cllrs have virus software on their computers
Income - Other	Cash handling	L	There is no cash handling – all payments are now done by means of submission of an expenses claim and receipts	n.b. Careful attention to ensure receipts attached to claims and where multiple items on receipt, specific item highlighted. Ensure timely quarterly submission of expenses claims.
	Banking	L	Segregate duties. Check to bank statements. Regular bank reconciliations Move to online banking has enabled regular checking of transactions and monthly reconciliations	The Clerk has increased the regularity of Bank Reconciliations (at least bimonthly which are published on the agenda)
	From Cemetery	M	Burial Register updated for grave allocations as required. Check of burial register to invoices to undertakers. Check of memorial fees work dockets to invoicing.	Clerk has introduced receipts for payments and new cemetery management has been installed and implemented recording transactions
Income - Investment	Receipt when due	L	Clerk/RFO check as required – no current investment income	n/a
	Surplus funds	L	Review levels and investment policy annually – no current investment income	n/a
Insurance	Inadequate Insurance Cover	M	Review annually or if circumstances change. Check Statement of Facts against Asset Register & Asset Valuation Policy	RFO to check annually in preparation for renewal of insurance.

Legal Powers	Illegal activity or payment	M	Educate councillors as to their legal powers RFO to identify power for spend when items are identified in reports for authorisation	RFO to check powers when preparing report Updating of Financial Standing orders July 2020
Loss	Consequential loss due to critical damage or 3 rd Party performance	L	Review adequacy of insurance cover	Diary
Maintenance	Reduced value of assets or amenities – loss of income or performance	M	Annual Maintenance Inspection	Diary
Members Interests	Conflict of Interest	M	Ensure register of interests are completed and up to date Declarations of interest and any exclusion of members from relevant agenda items to be documented in minutes.	Diary Ensure members leave room when item under discussion or dispensation has been approved.
Minutes	Accurate & Legal	L	Review at following meeting Ensure consecutively numbered	Diary
Precept	Not submitted	L	Full Minute – RFO follow up	Clerk to respond to West Suffolk Council notices Agenda item for Members to consider and approve.
	Not paid by DC	L	Confirm receipt – check correct bank details when submitting precept request form	Diary
	Adequacy of precept	M	Quarterly review of budget to actual	Diary
	Adequacy	L	Consider at Budget, quarterly and at year end to move unspent funds into relevant earmarked reserves.	RFO opinion Reserves have been considered

Reserves – Earmarked	Adequacy	L	RFO to ensure that spend from reserves is authorised by full council.	at year end 2019/20 and adjustments made.
	Unidentified Earmarked or Contingent liability	L	Review minutes	RFO/member view
Reserves – General	Adequacy	L	Consider at Budget setting and review quarterly and at year end	RFO opinion. 3 year plan
Salaries	Wrong salary/hours/rate paid	M	Check salary to minute, check hours and rate to contract	Member to verify
	Wrong deductions – NI and Income tax	M	Check to PAYE Calculations PAYE calculations undertaken by appointed third party payroll provider	Member to verify
Staff	Loss of key personnel (Clerk)	L	Hours, health, stress, training, long term sick, early departure – risk monitored and managed as appropriate	RFO/member view 2 month contingency reserve added to 2020-21 budget
	Fraud by Staff	L	Fidelity Guarantee value appropriately set	Council to review annually as part of insurance plan
VAT	VAT analysis	M	All items in cash book lists	RFO verify
	Charged on purchases	L	Consider all items per cash book lists	RFO verify
	Claimed within time limits	M	RFO to submit monthly and report on next agenda. Payment received to be reported on agenda under income.	RFO verify

	Direct payment from parish council on internet purchases	M	Set up credit card purchasing for clerk to purchase items on internet which can not be invoiced and paid for by BACS	Parish Council Resolution, RFO to apply
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Wickhambrook Parish Council
Balance at 31 March 2021 **£ 43,363.52**

Receipts

Precept	£	35,610.00		
Cemetery	£	3,525.00		
Chapel Rent (Players)	£	-		
Ground rents	£	50.00		
Wayleave	£	-		
Bank Interest	£	17.83		
Recycling Credits	£	2,711.62		
Grants	£	7,915.00		
Miscellaneous Receipts	£	58.81		
VAT Refund	£	7,816.10		
Segregated Funds (Players)	£	-	£	22,094.36
Total Receipts	£	57,704.36		

Expenditure

Staff Costs	£	11,589.52		
Administration	£	7,361.58		
Services	£	3,311.70		
Estates (excluding Cemetery)	£	18,541.13		
Cemetery	£	5,431.07		
Projects	£	6,982.92		
Grants	£	2,711.62		
S.137	£	200.00		
VAT Paid	£	6,109.74	£	50,649.76
Total Payments	£	62,239.28	£	62,239.28

Fixed and Long Term Assets

As per Asset Register **£ 326,577.17**

Cash Reserves

Opening Reserves	£	43,363.52
Plus Receipts	£	57,704.36
Less Payments	£	62,239.28
Closing Reserves	£	38,828.60

Represented by

Cash at Bank		
Current #921	£	9,460.77
Instant Savings #944	£	29,367.83
Uncashed Cheques	£	-
Petty Cash (not held)	£	-
Total	£	38,828.60

Opening Reserves made up of:

Movement on Reserves:

Closing Reserves made up of:

Operating Reserve	£	9,775.25	£	296.65
Staff Contingency	£	-	-£	1,400.00
Data Protection	£	770.00	£	-
Elections	£	2,000.00	-£	975.00
Grounds Maintenance	£	450.00	-£	1,070.00
Tree Surgery	£	1,300.00	-£	340.00
Cemetery & Churchyard	£	748.00	£	748.00
Teen Project Replacement Playground & Teen Project Maintenance	£	12,750.00	£	5,250.00
Playground Replacement	£	1,015.27	-£	759.73
Six Acres Development	£	-	£	-
Memorial garden	£	2,500.00	£	-
Legacy	£	500.00	£	500.00
Day Club	£	250.00	£	-
Neighbourhood Planning	£	555.00	£	-
Safety & Security matters	£	7,000.00	£	1,830.00
Highways	£	1,500.00	-£	600.00
Civic Event	£	2,250.00	£	2,000.00
Charitable Donations	£	-	-£	745.00
Total	£	43,363.52	£	4,534.92

Operating Reserve	£	9,478.60
Staff Contingency	£	1,400.00
Data Protection	£	770.00
Elections	£	2,975.00
Grounds Maintenance	£	1,520.00
Tree Surgery	£	1,640.00
Cemetery & Churchyard	£	-
Teen Project Replacement Playground & Teen Project Maintenance	£	7,500.00
Playground Replacement	£	1,775.00
Six Acres Development	£	-
Memorial garden	£	2,500.00
Legacy	£	-
Day Club	£	250.00
Neighbourhood Planning	£	555.00
Safety & Security matters	£	5,170.00
Highways	£	2,100.00
Civic Event	£	250.00
Charitable Donations	£	745.00
Total	£	38,828.60

Signed:

Chair of Wickhambrook Parish Council

Dated:

Signed:

Hilary Workman
RFO: Wickhambrook Parish Council

Dated:

Annual Internal Audit Report 2021/22

WICKHAMBROOK PARISH COUNCIL

<https://wickhambrook.org/parish-council/>

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.			✓
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).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

01/05/2022

03/05/2022

DD/MM/YYYY

Name of person who carried out the internal audit

V Waples (on behalf of SALC) AUDITOR

Signature of person who carried out the internal audit

SIGNATURE

Date

04/05/2022

*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).

Annual Governance and Accountability Return 2021/22 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2021/22

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **Annual Internal Audit Report must** be completed by the authority's internal auditor.
 - **Sections 1 and 2 must** be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2022**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2022**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2022
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2021/22

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2022 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2021/22**, approved and signed, page 4
- **Section 2 - Accounting Statements 2021/22**, approved and signed, page 5

Not later than 30 September 2022 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2021/22

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2022.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2021) equals the balance brought forward in the current year (Box 1 of 2022).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2022**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', has an explanation been published?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations been published where required?		
	Has the bank reconciliation as at 31 March 2022 been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.		

**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2021/22

ENTER NAME OF AUTHORITY

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

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.			
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. <i>(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")</i>			
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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .			
N. The authority has complied with the publication requirements for 2020/21 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .			
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

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

Name of person who carried out the internal audit

DD/MM/YYYY DD/MM/YYYY DD/MM/YYYY

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

DD/MM/YYYY

*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).

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

	Agreed		'Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.			<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A <i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

Section 2 – Accounting Statements 2021/22 for

ENTER NAME OF AUTHORITY

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	
			<i>Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.</i>
1. Balances brought forward			<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies			<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts			<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs			<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments			<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments			<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward			<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments			<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets			<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings			<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	N/A
			<i>The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
			<i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date

DD/MM/YY

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED

Explanation of variances – pro forma

Name of smaller authority: **Wickhambrook Parish Council**
 County area (local councils and): **Suffolk**

Insert figures from Section 2 of the AGAR in all **Blue** highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- **New from 2020/21 onwards:** variances of £100,000 or more require explanation regardless of the % variation year on year;
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2020/21 £	2021/22 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input, DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (<u>must include narrative and supporting figures</u>)
1 Balances Brought Forward	55,087	43,363				Explanation of % variance from PY opening balance not required - Balance brought forward agrees	
2 Precept or Rates and Levies	35,610	35,610	0	0.00%	NO		
3 Total Other Receipts	10,007	22,094	12,087	120.79%	YES	Variance made up of Grant Receipts (COVID Revenue Support Grant £310; Locality Grant £334; Neighbourhood Plan Locality Grant £5071; Locality Grant £500, Community Restart Grant £1700 - Total £7915); A move to reclaiming VAT monthly (VAT refunds upto Feb '22 £5497.60); Total £13412	
4 Staff Costs	9,705	11,589	1,884	19.41%	YES	Staff costs increased - provision was made for an additional 5 hours per week for project activity of which £1508 was claimed.	
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	47,636	50,650	3,014	6.33%	NO		
7 Balances Carried Forward	43,363	38,828			NO	VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	43,363	38,828				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	316,758	326,577	9,819	3.10%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable