

Report to Ufford Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2020

1. Introduction and Summary.

1.1 The Internal Audit for the year 2019/20 was undertaken during the period of 'lockdown' following the coronavirus pandemic; at that time travel was severely restricted, social distancing was in place and many Clerks and Councillors were having to self-isolate.

1.2 In view of this unprecedented situation, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Judi Hallett, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were completed accordingly. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in the reports in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 The Internal Audit work undertaken confirmed that during the 2019/20 year the Council maintained effective governance arrangements including a robust and effective framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control. The Council displays many examples of good financial practice.

1.4 By examination of the 2019/20 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's RFO, satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.5 The Accounts for the year confirm the following:

Total Receipts for the year: £37,206.30

Total Payments in the year: £25,662.35

Total Reserves at year-end: £25,097.32

1.6 At the time of the Internal Audit, the External Auditors PKF Littlejohn LLP had not issued instructions for the completion of the 2019/20 Annual Governance and Accountability Return (AGAR). Accordingly, the AGAR for 2019/20 was not available for examination by Internal Audit.

1.7 PKF Littlejohn LLP had, however, published a copy of the Annual Internal Audit Report 2019/20 to be completed by Internal Auditors. Accordingly, the Internal Auditor completed the Report in order that it may inform the Council in its eventual completion of Section 1, the Annual Governance Statement, within the 2019/20 AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (*examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation*).

2.1 Standing Orders are in place; they were reviewed and approved by the Council at the meeting held on 17 September 2019 (Minute 12c refers). A copy has been published on the Council's website.

2.2 Similarly, the Council's Financial Regulations were reviewed and approved by the Council at the meeting held on 17 September 2019 (Minute 12b refers) and published on the Council's website.

2.3 The Council applied the General Power of Competence (GPoC) in the year 2019/20. At its meeting on 21 May 2019 the Council declared that it was an eligible Council to use GPoC, having a 100% elected Council and a suitably qualified Clerk and adoption of the Power was agreed (Minute 7 refers).

2.4 The Clerk's position as Responsible Financial Officer (RFO) was re-affirmed by the Council at its meeting on 21 May 2019 (Minute 8a refers).

2.5 The Council's Minutes are extremely well presented and provide clear evidence of the decisions taken by the Council in the year.

2.6 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA056410 refers, expiring 21 May 2020). Whilst the Council is not required to formally appoint a Data Protection Officer, the Council demonstrated good practice by resolving that the Clerk/RFO should undertake this role (the meeting on 15 May 2018 refers) and through the issue of a Data Protection Awareness Checklist to each Councillor.

2.7 The Council demonstrates compliance with the General Data Protection Regulations (GDPR) through the adoption of a Data Protection Statement, Privacy Statement, Data Protection Impact Assessment, a Data Protection Risk Assessment, an Information Protection Policy, an Information Security Incident Policy, CCTV Policy and a Retention of Documents and Records Policy, all of which have been published on the Council's website.

2.8 The Council also demonstrates good practice by maintaining a wide range of other formal policies and procedures. These include Equal Opportunities Policy, Formal Grants Awards Policy, Safeguarding Children, Grievance Procedure, Disciplinary Procedure, Health and Safety Policy, Sickness and Absence Policy and a Formal Complaints Procedure, all of which have been published on the Council's website.

2.9 The Council reviewed the Suffolk Local Code of Conduct at the meeting held on 18 February 2020 (Minute 13a refers). The Council demonstrates good practice by periodically reviewing and re-adopting the Code of Conduct in order to emphasise the requirements and responsibilities placed upon each individual Councillor.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Cashbook Spreadsheet was found to be in very good order and well presented. VAT payments are tracked and identified within the Cashbook.

3.2 The Cashbook Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils and the monthly financial information prepared by the Clerk/RFO. In view of the Internal Audit for 2019/20 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2019/20 transactions will be undertaken at the next scheduled audit. The Clerk/RFO has confirmed to Internal Audit that payments made in 2019/20 were supported by invoices.

3.3 The Council has comprehensive documentation and financial data in place. The documentation and information were very well presented for the internal audit. A Statement of Variances (explaining significant differences in receipts and payments between the years 2018/19 and 2019/20) has been prepared by the Clerk/RFO.

3.4 Re-claims to HMRC for VAT paid are being made regularly. VAT re-claims were made as at 30 April 2019 (£947.12), 31 July 2019 (£549.01), 31 October 2019 (£655.46) and 31 January 2020 (£135.28). The Cashbook records that reimbursement from HMRC was received at bank on 3 May 2019, 9 August 2019, 13 November 2019 and 5 February 2020 respectively.

3.5 A Community Infrastructure Levy (CIL) Annual Report for 2019/20 has been prepared by the Clerk/RFO in accordance with Regulation 62A, Community Infrastructure Levy Regulations (2010), as amended. The Report confirmed a Nil Return for both CIL Receipts and CIL Expenditure during the year. The CIL Annual Report for 2019/20 is due for publication and submission to the District Council no later than 31 December 2020.

4. Internal Control & the Management of Risk (Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly).

4.1 The Council's Risk Assessment documents (Financial and Non-Financial) provide a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified. Both documents were placed before Council at its meeting on 18 February 2020, when it was agreed that the Clerk/RFO would add specific items to the documentation. Councillors confirmed their approval of the Risk Assessments on 17 March 2020 (Minute 5 of the Record of Decisions taken).

4.2 The Council's Internal Control arrangements, including the efficiency of Internal Audit, were reviewed and agreed by the Council at its meeting on 21 January 2019 (Minute 12b refers).

4.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

4.4 Insurance was in place for the year of account. The Council approved the insurance renewal payment of £939.27 at its meeting on 17 September 2019 (Minute 11c refers), this being the second year of a three-year Long-Term Agreement with Inspire (through Came and Company). Public Liability cover stands at £10m. The insurance cover in the event of fraud or dishonesty stands at £150,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

4.5 Ipswich Borough Council (IBC) undertook play area inspections at the Playing Field on behalf of the Parish Council during the 2019/20 year as part of the overall risk management arrangements in place. The completed inspections are recorded by IBC on the Public Sector Software system, which is accessed by the Clerk/RFO.

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

Precept 2019/20: £18,421 (15 January 2019, Minute 14c refers).

Precept 2020/21: £20,466 (17 December 2019, Minute 10d refers).

5.1 The Precepts were agreed in full Council and the Precept decision and amount has been clearly Minuted. The Clerk/RFO ensures that the Council is aware of responsibilities, commitments, forward planning and the need for adequate reserves.

5.2 Good budgetary procedures are in place. The Council prepared detailed estimates of the annual budget and of receipts and payments. The Draft Budget for 2019/20 was considered in detail by the Council at its meetings on 20 November 2018 (Minute 12c refers) and on 18 December 2018 (Minute 12b refers). The Final

Budget and Precept for 2019/20 was formally approved by the Council at its meeting on 15 January 2019 (Minutes 14b and 14c refer).

5.3 Similarly, the Clerk/RFO presented to Council a Draft Budget and Precept options for the year 2020/21 at the meeting on 19 November 2019 (Minutes 11c and 11d refer). A revised Draft Budget and the Precept for 2020/21 were considered and approved at the meeting held on 17 December 2019 (Minutes 10c and 10d refer). The agreed estimates for 2020/21 can be used effectively for financial control and budgetary control purposes.

5.4 The total Reserves available to the Council as at 31 March 2020 were £25,097.32. Of those, the Allocated (Earmarked) Reserves totalled £12,658.00 and were comprised of the following:

Woodlands Projects:	£6,658
Play Park Refurbishment:	£1,000
Staff Emergency Costs:	£3,000
Woodlands General:	£2,000

5.5 General Reserves as at 31 March 2020 accordingly totalled £12,439.32. The overall Reserves available to the Council at the year-end were appropriate. The Council correctly aims to hold between 3-months and 12-months expenditure in General Reserves and, as at the 31 March 2020, the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

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

6.2 At the meeting held on 17 December 2019 the Council reviewed the rents payable by the Ufford Tennis Club, Ufford Football Club and the Ufford Community Hall. The Council agreed to raise the annual ground rents as from 1 April 2020 as follows: Tennis Club to £300.00, Football Club to £60.00, Community Hall to £800.00 (Minute 9b refers). The ground rent for the Community Hall was later reduced to £790 per year (payable six years in advance) at the meeting of the Council on 21 January 2020 (Minute 11b refers).

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

7.1 A Petty Cash system is not in use; an expenses system is in place, with cheque payments being made for expenses incurred.

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

8.1 Payroll Services are outsourced to the Suffolk Association of Local Councils (SALC) and operated in accordance with HMRC requirements. Detailed payslips are produced, PAYE is in operation and contributions are being made to the Local Government Pension Scheme.

8.2 At its meeting on 18 December 2018 the Council agreed that the NJC pay scales applicable from 1 April 2019 should be applied to the Clerk's salary (Minute 12e refers).

8.3 The Council has entered the Clerk into the Suffolk County Council (SCC) Local Government Pension Scheme and contributions are being made to the SCC Pension Fund on a monthly basis.

8.4 With regard to the legislation relating to workplace pensions, the necessary re-declaration of compliance as required by the Pensions Regulator under the Pensions Act 2008 was made by the Clerk/RFO on 21 October 2019.

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

9.1 An Asset Register is in place and was reviewed and approved by the Council at the meeting held on 17 September 2019 (Minute 12a refers).

9.2 The assets are recorded at cost value. In the instances where the actual cost is unknown the asset is recorded at a nominal £1 community value. The total value of £115,487.92 as at 31 March 2020, displays an increase of £1,840 from the £113,647.92 value at the end of the previous year, 31 March 2019. The increase reflects the purchase of a Community Resource Locker (£230) and Litter Bin/External Equipment, some of which were acquired in previous years and brought into the Register during 2019/20 (£1,610).

9.3 The Asset Register complies with the current requirements which provide that each asset should be recorded at a consistent value, year-on-year.

9.4 A copy of the Asset Register has been published on the Council's website.

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

10.1 The bank account statements as at 31 March 2020 in respect of the Council's Lloyds Treasurer's (Current) Account and the Lloyds Treasurer's (Playpark) Account reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation.

11. Year End procedures (Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate).

11.1 End of Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

12. Internal Financial Controls, Payments Controls and Audit Procedures (Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides comprehensive financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions. A copy of each month's Accounts is presented to Councillors for review and approval and a designated Councillor confirms the amounts listed on bank statements.

12.2 The Council receives at each meeting lists of payments for review and authorisation, payments made since the previous meeting and any sums received. Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

12.3 In addition, the Clerk/RFO confirmed that (a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment (b) Invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made and (c) Cheque Book counterfoils are initialled by Cheque Signatories, all as a matter of routine. These areas were not examined due to the Internal Audit being conducted remotely/electronically but will be test-checked at the next scheduled audit.

12.4 The Internal Audit Report for the year 2018/19 (dated 3 April 2019) was received and accepted by the Council at its meeting on 16 April 2019 (Minute 12a refers). No matters of concern were raised in the report.

12.5 The Internal Auditor for the year 2019/20 was appointed by the Council at its meeting on 21 May 2019 (Minute 8f refers).

13. External Audit (Recommendations put forward or comments made following the annual review).

13.1 The Report and Certificate from the External Auditors, PKF Littlejohn LLP, for the previous year (2017/18) is dated 23 July 2019. No issues of concern were raised in the Report, which has been published on the Council's website. The Report and Certificate were forwarded by the Clerk/RFO to Councillors but were not formally

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recorded in the Council's Minutes as being received, considered and accepted. The Clerk/RFO advised the Internal Auditor that this matter will be addressed at a forthcoming meeting of the Council.

14. Publication Requirements and the Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).

14.1 In December 2014 the Department for Communities and Local Government (DCLG) issued the Transparency Code for Smaller Authorities. For the year 2019/20 Ufford Parish Council is not considered a smaller authority and it is not necessary to publish Transparency Code information.

14.2 However, under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website by the 30 September following the end of the year of account:

AGAR - Sections 1 and 2 (2018/19 copy published)

AGAR - Section 3 (2018/19 copy published)

Notice of Public Rights (2018/19 copy published)

Notice of Conclusion of Audit (2018/19 copy published)

15. Additional Comments

15.1 The Annual Parish Council meeting was held on 21 May 2019, within the required timescale. The first item of business was the Election of Chairman, in accordance with the Local Government Act 1972.

15.2 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

6 April 2020