

## **Report to Ufford Parish Council**

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

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

1.1 The Internal Audit for the year 2021/22 confirmed that the Council continues to maintain 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.

1.2 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

*Total Receipts for the year: £38,823.22*  
*Total Payments in the year: £34,450.32*  
*Total Reserves at year-end: £29,213.90*

1.4 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2021/22 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £24,841</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £20,985</i>
<i>Total Other Receipts:</i>	<i>Box 3: £17,838</i>
<i>Staff Costs:</i>	<i>Box 4: £9,267</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £25,183</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £29,214</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £29,214</i>
<i>Total fixed assets:</i>	<i>Box 9: £124,214</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2021/22 within the AGAR.

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1.6 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 The Annual Parish Council meeting took place on 4 May 2021. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972. The meeting was held virtually via Zoom as permitted in the Local Authorities and Police Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Meetings) (England and Wales) Regulations 2020.

2.2 Standing Orders are in place; they were reviewed and approved by the Council at the meeting held on 21 September 2021 (Minute 19a refers). The Standing Orders reflect the latest model documents published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 Similarly, the Council's Financial Regulations were reviewed and approved by the Council at the meeting held on 21 September 2021 (Minute 19b refers). The Financial Regulations reflect the latest model documents published by NALC. A copy has been published on the Council's website.

2.4 The Council applied the General Power of Competence (GPoC) in the year 2021/22. At its meeting on 21 May 2019 the Council declared that it was an eligible Council to use the GPoC, having a 100% elected Council and a suitably qualified Clerk and adoption of the Power was agreed (Minute 7 refers). The GPoC continues in place until May 2023.

2.5 The Clerk's position as Responsible Financial Officer (RFO) was re-affirmed by the Council at its meeting on 4 May 2021 (Minute 7a refers).

2.6 The Council's Minutes are extremely well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered and signed/initialled by the Chair.

2.7 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 2022). Whilst the Council is not required to formally appoint a Data Protection Officer, the Council demonstrates good practice by resolving that the Clerk/RFO should undertake this role.

2.8 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 Security Incident Policy, CCTV Policy and a Retention of Documents and Records Policy, all of which have been published on the Council's website.

2.9 The Council also demonstrates good practice by maintaining a wide range of other formal Policies, Procedures and Protocols. These include a Freedom of Information Procedure, Equal Opportunities Policy and Safeguarding Children and Young Adults Policy (all of which were reviewed and adopted by the Council on 18 January 2022). A Dispensation Policy was considered and adopted by the Council at the meeting on 25 March 2022.

2.10 In addition, the Council maintains a Formal Grants Awards Policy, Grievance Procedure, Disciplinary Procedure, Health and Safety Policy, Sickness and Absence Policy, a Formal Complaints Procedure and a Bring Your Own Device (BYOD) Policy, all of which have been published on the Council's website.

2.11 At the meeting on 26 October 2021 the Council formally agreed to take the first steps in to creating a Neighbourhood Plan, including notification to East Suffolk Council (ESC) of the intention and registration of the whole village as the area to be covered by the Plan (Minute 9 refers). The initial registration was approved by ESC and Neighbourhood Plan Launch Meetings are programmed to be held in April 2022.

2.12 The Council reviewed the Suffolk Local Code of Conduct for Councillors at the meeting held on 15 February 2022 (Minute 17a 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.

2.13 The Council places emphasis of the training and development of Councillors and the Clerk/RFO. At the meeting on 14 December 2021 the Council agreed that training was an essential element of being a Councillor and that it was important to keep up to date with best practice. The Council agreed that the Clerk/RFO would produce a list of SALC courses available and that those attending would report back to all Councillors. The Council noted on 15 January 2022 that following the Clerk/RFO's attendance at a SALC Councillor Training event, reports and presentations would be made by the Clerk/RFO to Councillors.

2.14 A Website Accessibility Statement has been published on the Council's website to assist with compliance with the Website Accessibility Regulations.

**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 Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements/on-line payments and the monthly financial information prepared by the Clerk/RFO. A sample of supporting invoices, vouchers and receipts was examined and found to be in good order.

3.3 The Council has comprehensive documentation and financial data in place. The documentation and information were very well presented for the internal audit.

3.4 A Statement of Significant Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has been prepared by the Clerk/RFO for submission to the External Auditors and publication on the Council's website.

3.5 Re-claims to HMRC for VAT paid were regularly made, as follows:

- a) A re-claim to HMRC for £335.46 VAT paid in the period 1 February 2021 to 30 April 2021 was received at bank on 12 May 2021 and reported to Council on 29 June 2021.
- b) A re-claim to HMRC for £750.79 VAT paid in the period 1 May 2021 to 31 July 2021 was received at bank on 19 August 2021 and reported to Council on 21 September 2021.
- c) A re-claim to HMRC for £1,367.00 VAT paid in the period 1 August 2021 to 31 January 2022 was received at bank on 10 February 2022.

3.6 A Community Infrastructure Levy (CIL) Annual Report for 2021/22 has been prepared by the Clerk/RFO. The Report confirmed the CIL balance of £0 brought forward from 2020/21 and CIL receipts of £8,605.29 in the year. An amount of £3,254.50 expenditure has been applied on replacement of safety surfacing under swings during the year 2021/22. The amount of £5,350.79 has been carried forward as at 31 March 2022 as a Restricted Reserve. A copy of the CIL Annual Report for 2021/22 has to be published on the Council's website and submitted to the District Council no later than 31 December 2022.

#### **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 Internal Control Statement and Report was considered and adopted by the Council at its meeting on 29 June 2021 (Minute 16a refers).

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 18 January 2022 (Minute 7b refers).

4.3 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 received and adopted by the Council at its meeting on 15 March 2022 (Minutes 16b and 16c refer).

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4.4 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.

4.5 Insurance was in place for the year of account. The Council approved the insurance renewal payment of £1,278.40 to Came and Company at its meeting on 21 September 2021 (Minute 17h refers). The insurance cover runs from 1 October 2021 to 30 September 2022. Public Liability cover and Employer's Liability cover each stand at £10m. The insurance cover in the event of Councillor/Staff 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.

4.6 An important area of risk management within local councils concerns the adequate maintenance of play equipment. In this respect the Council arranged for Ipswich Borough Council (IBC) to undertake play area inspections at the Play Park as part of the overall risk management arrangements in place. The completed inspections are recorded by IBC on the Public Sector Software (PSS) system, which is accessed by the Clerk/RFO.

4.7 At its meeting on 17 November 2020 the Council discussed the maintenance contract and inspections of Play Park by IBC. The Council noted that although IBC was definitely carrying out quarterly inspections of the Play Park (as these were visible on the PSS System), IBC was very slow to deal with any reported issues and had not sent an invoice for inspections undertaken over the past 2 years. At its meeting on 15 December 2020 the Council agreed to continue to use IBC for the maintenance of the Play Park (Minute 11b refers). In addition, a Parish Councillor agreed to attend the full RoSPA Play Equipment Checking Training (programmed for April 2021) to assist the Council carry out its Play Park responsibilities.

4.8 The Clerk/RFO confirmed to the Internal Auditor that IBC undertook operational I inspections in January 2021 and September 2021 and that the most recent Annual (RoSPA) Inspection was on 10 December 2020. Accordingly, there was no RoSPA Annual Inspection during the year 2021/22. The Clerk/RFO advised that there are a group of 5 Councillors who complete visual inspections, usually 2 or 3 times a month. The Clerk/RFO is looking to obtain quotations for an Annual RoSPA Inspection and plans to report to the Council on this matter later this month.

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

Precept 2021/22: £20,985 (19 January 2021, Minute 7e refers).

Precept 2022/23: £22,103 (14 December 2021, Minute 8d refers).

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

5.2 Good budgetary procedures are in place. The Council prepared detailed estimates of the annual budget and of receipts and payments. A Draft Budget for the year 2021/22 was considered at the Council's meeting on 15 December 2020 (Minute 7c refers). A revised Draft Budget and the Precept for 2021/22 were considered and approved at the meeting held on 19 January 2021 (Minutes 7d and 7e refer). The estimates of the annual budget and of receipts and payments were used effectively by the Council during 2021/22 for budgetary control purposes.

5.3 Similarly, a Draft Budget for the year 2022/23 was initially considered at the Council's meeting on 16 November 2021 (Minute 7d refers). The Draft Budget and the Precept for 2022/23 were considered and approved by the Council at the meeting held on 14 December 2021.

5.4 At its meeting on 16 June 2020 the Council considered the allocation of Reserves and agreed to hold a level of General Reserves equivalent to between 30% and 100% of annual predicted expenditure at any one time (Minute 11b refers).

5.5 Overall Reserves available to the Council as at 31 March 2022 were £29,213.90. Of those, the Allocated (Earmarked/Restricted) Reserves totalled £15,619.00 as follows:

Woodlands:	£2,000.00
Play Park Refurbishment:	£2,500.00
Car Park Refurbishment:	£2,099.00
Staffing:	£3,000.00
CIL Funds (restricted):	£5,350.79 (to be applied to Streetlight Upgrade)
Streetlight Upgrade:	£669.21 (balance to meet Streetlight Upgrade cost of £6,020)

5.6 General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2022 accordingly totalled £13,594.90 (equivalent to approximately 40% of the 2021/22 level of expenditure and is in line with the General Reserves Policy adopted by the Council in June 2020 – see item 5.4 above). It is considered that the Council maintains sufficient Overall 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 good 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).

6.3 The Clerk/RFO advised the Internal Auditor that the Licence Agreements in place for the Tennis Club, Football Club and the Hall provide that the rents are due to be reviewed every three years [Clause 3.3]. The review of the rents is due to be considered by the Council at its meeting in December 2022.

## **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 on-line 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 operated on behalf of the Council by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. Detailed payslips are produced, PAYE is in operation and contributions are being made to the SCC Local Government Pension Scheme on a monthly basis.

8.2 At its meeting on 15 September 2020 the Council agreed that the NJC pay scales applicable from 1 April 2020 should be applied to the Clerk/RFO's salary and the hourly rate be increased to £11.53, back dated to 1 April 2020 (Minute 14b refers).

8.3 The Clerk's Annual Review was carried out on 23 July 2021 with excellent results and was noted by the Council at the meeting on 27 July 2021 (Minute 16c refers).

8.4 At its meeting on 18 January 2022 the Council agreed to increase the salary of the Clerk/RFO to NJC/NALC pay scale point 17 with effect from 16 March 2022 (Minute 16 refers).

8.5 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. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

**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 21 September 2021 (Minute 19c 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 £124,213.92 displayed as at 31 March 2022 is an increase of £4,856 over the value of £119,357.92 at the end of the previous year, 31 March 2021.

9.3 The increase reflects the addition of the following assets in the year:

Interpretation Board: £1,524

Gazebo: £179

Friendship Seat: £750

Carved Animal Seat: £2,000

Cutting Machine: £569

The Clerk/RFO advised that the reduction of £166 related to the value of the MS Office Software that was removed from the laptop, when the Council moved over to Office 365, which has an annual fee

9.4 The £569 for the Cutting Machine included VAT of £94.83 in the amount brought into the Register. The Clerk/RFO informed the Internal Auditor that she will revise the entry in the Register to Net Cost and also include the new Noticeboard purchased for the Community Hall. The Clerk/RFO advised that all items will be updated in the Asset Register when the new bench for the Sogenhoe Chapel site has been delivered and installed.

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

9.6 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 Council's Bank Account statements as at 31 March 2022 displayed the following:

- a) Lloyds Treasurer's (Current) Account £13,029.19 (the most recent transaction was dated 23 March 2022 and Clerk/RFO presented to the Internal Auditor an on-line statement as at 31 March 2022).
- b) Lloyds Treasurer's (Playpark) Account £16,184.71 (there had been no transactions recorded since 10 June 2021 and the Clerk/RFO presented to the Internal Auditor an on-line statement as at 31 March 2022).

10.2 The two Bank Accounts as at 31 March 2022 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 also found to be in good 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.

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 The on-line banking arrangements in place were confirmed to the Council by the Clerk/RFO on 19 January 2021. The Clerk/RFO has 'Create Only' access and the designated Authorising Councillors have 'Create and Authorise' access. Financial Regulations had been amended accordingly (Minute 7b refers).

12.4 The Clerk/RFO maintains Online Payments Lists as part of the payments control arrangements. After payments have been authorised by the Council, the Clerk/RFO sets up the payments within the on-line banking system and submits the Online Payments List to two (of five) authorisers with scanned copies of the invoices.

12.5 The Clerk/RFO updates the financial accounts at the end of each month and sends the Spreadsheets, along with a PDF copy of the Bank Statements, to all Councillors. The Clerk/RFO requests one of the 5 Councillor authorisers to log on to the internet banking to confirm the amounts held in the Council's bank accounts.

12.6 Online payments were examined by the Internal Auditor on a sample basis by verifying the entries in the bank account with the supporting documentation and the detailed entries in the Cashbook. All was found to be in order.

12.7 One cheque was prepared during the year 2021/22. The cheque number was noted on the relevant vouchers to assist the verification of the payment, the voucher for payment was initialled by the Cheque Signatories in confirmation of the payment being correctly made and the Cheque Book counterfoil was initialled by Cheque Signatories.

12.8 The Internal Audit Report for the year 2020/21 (dated 6 April 2021) was received and accepted by the Council at its meeting on 27 April 2021 (Minute 5b refers). No matters of concern were raised in the report.

12.9 The Internal Auditor for the year 2021/22 was appointed by the Council at its meeting on 4 May 2021 (Minute 7f refers).

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

13.1 The Report and Certificate dated 14 August 2021 from the External Auditors, PKF Littlejohn LLP, for the year 2020/21 was reported to the Council at its meeting on 21 September 2021. No matters came to the External Auditors' attention to give any cause for concern (PKF Littlejohn had incorrectly advised in its Report that the Council had not complied with Regulation 15 of the Accounts and Audit Regulations 2015 regarding the exercise of Public Rights of Access but this was later formally rescinded by PKF Littlejohn on 19 August 2021).

**14. Publication Requirements.**

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website:

Notice of the period for the exercise of Public Rights  
AGAR - Sections 1 and 2.

Following the completion of the External Audit:

Notice of Conclusion of Audit  
AGAR - Section 3  
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

14.2 The Internal Auditor was able to confirm that the documents were readily accessible on the Council's webpage:

<https://ufford.suffolk.cloud/parish-council/accounts/year-ending-31st-march-5/>

**15. Additional Comments**

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work. I would particularly like to commend the Clerk for the excellent presentation of the Council's documents for the audit.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**5 April 2022**