

Report to Ufford Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2023

1. Introduction and Summary.

1.1 The Internal Audit for the year 2022/23 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 2022/23 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: £46,100.52
Total Payments in the year: £50,706.46
Total Reserves at year-end: £24,607.96

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 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £29,214</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £22,103</i>
<i>Total Other Receipts:</i>	<i>Box 3: £23,997</i>
<i>Staff Costs:</i>	<i>Box 4: £13,650</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £37,056</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £24,608</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £24,608</i>
<i>Total fixed assets:</i>	<i>Box 9: £127,522</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 2022/23 within the AGAR.

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 17 May 2022. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972.

2.2 Standing Orders are in place; they were reviewed and approved by the Council at the meeting held on 17 May 2022.

2.3 Similarly, the Council's Financial Regulations were reviewed and approved by the Council at the meeting held on 27 September 2022. At item 11a (3) the thresholds set by the Public Contracts Directive change from time to time and the relating footnote on page 15 can be updated at the next review to reflect the thresholds currently applicable.

2.4 The Council applied the General Power of Competence (GPOC) in the year. 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. The GPOC continues in place until May 2023. The Council can re-declare the GPOC at the Annual Meeting in May 2023 if the conditions of eligibility have been met.

2.5 The Clerk's position as Responsible Financial Officer (RFO) was re-affirmed by the Council at its meeting on 17 May 2022.

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 of the meeting at which the Minutes are approved.

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 2023). 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, Legal and Privacy Statement, Information Protection Policy, 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 (inter alia) a Freedom of Information Procedure, Equal Opportunities Policy, Safeguarding Children and Vulnerable Adults Policy, Dispensation Policy and Protocols for Public Participation in Council Meetings (all of which have been published on the Council's website).

2.10 In addition, the Council maintains a Formal Grants Awards Policy, Health and Safety 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 The Council is making progress in creating a Neighbourhood Plan (NP), the initial registration for which was approved by East Suffolk Council (ESC). At its meeting on 19 April 2022 the Council received reports on the NP Launch Meetings and agreed that the NP process be officially started. A Neighbourhood Plan Steering Group (NPSG) was formally established to take the project forward. At the meeting on 17 May 2022 the Council appointed Rachel Leggett and Associates as Consultant for the purposes of constructing a NP for Ufford.

2.12 At the meeting on 21 June 2022 the Council reviewed and adopted Terms of Reference for the NPSG and received reports of NP issues at each subsequent meeting. The Council noted on 13 December 2022 that the consultant was making good progress in the production of the NP and the Household Survey had been a success (with an estimated 50% return). The Council continued to receive updates on the work undertaken by the NP Steering Group during the remaining part of the 2022/23 year.

2.13 The Council reviewed and adopted the latest LGA Code of Conduct for Councillors at the meeting held on 17 May 2022. The Council demonstrates good practice by periodically reviewing and adopting, as required, the Code of Conduct in order to emphasise the requirements and responsibilities placed upon each individual Councillor.

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. The Council agreed at its meeting on 21 February 2023 to undertake a trial of the Scribe software system (Scribe did not form part of the 2022/23 End of Year Accounts).

3.4 A Statement of Significant Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) 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 £296.67 VAT paid in the period 1 February 2022 to 30 April 2022 was received at bank on 17 May 2022 and reported to Council on 21 June 2022.
- b) A re-claim to HMRC for £998.04 VAT paid in the period 1 May 2022 to 31 July 2022 was received at bank on 16 August 2022 and reported to Council on 27 September 2022.
- c) A re-claim to HMRC for £1,707.77 VAT paid in the period 1 August 2022 to 31 January 2023 was received at bank on 10 February 2023 and reported to Council on 21 February 2023.

3.6 A Community Infrastructure Levy (CIL) Annual Report for 2022/23 has been prepared by the Clerk/RFO. The Report confirmed the CIL balance of £5,350.79 brought forward from 2021/22 and CIL receipts of £8,773.00 in the year. The total amount of £14,123.79 was applied on the following projects during the year:

Nesting Boxes for Sogenhoe Chapel:	£46.63
Tree Maintenance in Parklands Wood:	£600.00
Speed Indicator Device:	£2,900.00
Data Collection for SID:	£300.00
Safety Surfacing under Play Equip't (Deposit):	£1,761.38
Safety Surfacing under Play Equip't (Final Payment):	£4,109.88
Repairs to Zip Wire:	£889.20
Street Light Upgrade:	£3,516.70

3.7 The CIL Fund amount of £0 has accordingly been carried forward as at 31 March 2023. A copy of the CIL Annual Report for 2022/23 has to be published on the Council's website and submitted to the District Council no later than 31 December 2023.

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 arrangements, including the efficiency of Internal Audit, were reviewed and agreed by the Council at its meeting on 17 January 2023 (Minute 8b refers).

4.2 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 21 March 2023 (Draft Minutes 17a and 17b refer).

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 The Clerk/RFO intends to present the latest Internal Control Statement and Internal Control Report to the Council at its meeting on 18 April 2023.

4.5 Insurance was in place for the year of account. The Council approved the insurance renewal payment of £1,553.51 to Gallagher (Insurance Brokers) Ltd. at its meeting on 27 September 2022. The insurance cover runs from 1 October 2022 to 30 September 2023 under a long-term agreement with Hiscox Insurance Company until 30 September 2025. 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. At the meeting on 17 May 2022 the Council noted that the inspections of the play equipment were not being carried out in a timely manner by Ipswich Borough Council (IBC), with the most recent inspection on 30 September 2021 and the last RoSPA standard annual inspection on 10 December 2020. The Council noted that IBC had not invoiced the Parish Council since February 2019, despite being chased. The Council noted that regular and timely inspections were vital to protect the safety of users and agreed that David Bracey Play Safety Inspections be contracted to commence the inspections (one each quarter with one of these being the RoSPA Standard Annual Inspection).

4.7 At the Council's meeting on 21 June 2022 the Clerk/RFO reported that the first inspection had been carried out by David Bracey, this being to the 'Annual RoSPA' standard. Some maintenance issues had been identified (all minor or medium risk) and these were receiving attention.

4.8 During the course of 2022 a number of Councillors were nominated to complete visual inspections, normally 2 or 3 times a month. At the meeting on 13 December 2022 the Council discussed the Play Park Visual Checks for the forthcoming year and Councillors were nominated to continue to carry out Visual Inspections. They were requested to complete a report sheet each time an inspection was carried out or to inform the Clerk/RFO via email of the date of the inspection and any matters of concern.

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

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

Precept 2023/24: £22,904 (13 December 2022, Minute 8c 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 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.

5.3 The estimates of the annual budget and of receipts and payments were used effectively by the Council during 2022/23 for budgetary control purposes. At the Council's meeting on 15 November 2022, the Clerk/RFO presented an updated Budget Forecast for 2022/23 in the light of revised expenditure on the Neighbourhood Plan.

5.4 A Draft Budget for the year 2023/24 was considered at the Council's meeting on 15 November 2022 (Minute 8d refers). A revised Draft Budget and the Precept for 2023/24 were considered and approved at the meeting held on 13 December 2022 (Minutes 8b and 8c refer).

5.5 At its meeting on 17 May 2022 the Council considered and adopted a Reserves Policy. A copy of the Policy has been published on the Council's website and refers to the JPAG's Proper Practices recommendation that General Reserves should be maintained at between 3- and 12-months' equivalent of net expenditure. The Council reviewed the level of Reserves at its meeting on 21 March 2023 and agreed that, although not as high as they had previously been, the Reserves were considered sufficient.

5.6 Overall Reserves available to the Council as at 31 March 2023 were £24,607.96. Of those, the Allocated (Earmarked) Reserves totalled £9,599.00 as follows:

Election:	£1,000.00
Streetlight Project:	£2,000.00
Play Park Refurbishment:	£3,500.00
Car Park Refurbishment:	£3,099.00

5.7 General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2023 accordingly totalled £15,008.96 (equivalent to approximately 30% of the 2022/23 level of expenditure and is marginally within the General Reserves Policy adopted by the Council in May 2022 – see item 5.5 above). It is considered

that the Council currently 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 January 2023 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 rents as from 1 April 2023 in respect of the Tennis Club (to £350) and the Football Club (to £100). The Council agreed that there would be no change to the Community Hall rent (£800) with a review in January 2026 (Minute 10b 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 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. The Council displays good practice in using the services of a third party to calculate Pay and PAYE amounts. SALC performs this service for a reasonable cost. The P60 End of Year Certificate 2022/23 for the Clerk/RFO was presented to the Internal Auditor.

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

8.3 At its meeting on 17 May 2022 the Council noted the additional hours that the Clerk/RFO would be required to work during the Neighbourhood Plan project and agreed that the Clerk/RFO would be paid an additional 2 hours per week (at standard hourly rate) starting from 18 May 2022 and concluding after one year (on 16 May 2023). The Clerk would continue to keep a record of the hours worked on the project and the situation would be reviewed at the latest at the May 2023 meeting.

8.4 The Council again discussed the work undertaken by the Clerk/RFO to support the Neighbourhood Plan project at the meeting held on 27 September 2022. The Council resolved to increase the working hours of the Clerk/RFO to 15.5 per week, backdated to 18 May 2022, for one year, to cover the work created by the Neighbourhood Plan project.

8.5 The Council has a number of Staffing Policies and Procedures in place. At the meeting on 15 November 2022 the Council reviewed and adopted the Sickness and Absence Policy and the Grievance Procedure. Similarly, the Council adopted a revised Disciplinary Procedure at its meeting on 17 January 2023.

8.6 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 7 July 2022. (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 and Responsibilities Register is in place and was reviewed and approved by the Council at the meeting held on 17 May 2022. The Register was also reviewed and adopted by the Council at its meeting on 27 September 2022. The introduction to the Register notes that some of the valuation figures have been arrived at through best endeavours using the information known at the time. When 'Actual Cost' is unknown a default value of £1.00 is given. Pictures of the assets are held by the Clerk/RFO. The Register is reviewed on an annual basis and assets are entered, adjusted or removed as and when appropriate.

9.2 The Internal Audit confirmed that assets are recorded at cost value and in the instances where the actual cost is unknown the asset is recorded at a nominal £1 community value. The total value of £127,522.00 displayed as at 31 March 2023 is a net increase of £3,308.08 over the value of £124,213.92 at the end of the previous year, 31 March 2022.

9.3 The increase in the value in the year includes the addition of a Speed Indicator Sign (£2,900), a new Metal Notice Board (£766), Animal Carvings (£2,000), Incubator (£149) and a new Bench (£277). Deletions from the Register included (inter alia) the removal of the old Speed Indicator Device (£2,190) and the old Notice Board (£450).

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

9.5 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 Minutes of the Council's meetings include confirmation that a nominated Councillor has examined and agreed that the entries in the Accounts agree with the figures in the bank accounts.

10.2 The Council's Bank Account statements as at 31 March 2023 display the following:

- a) Lloyds Treasurer's (Current) Account: £6,423.25 (the Clerk/RFO presented to the Internal Auditor an on-line statement as at 31 March 2023).
- b) Lloyds Treasurer's (Playpark) Account: £18,184.71 (the Clerk/RFO confirmed that there had been no transactions recorded since 20 April 2022 and presented to the Internal Auditor an on-line statement printed on 1 April 2023).

10.3 The two Bank Accounts 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 Clerk/RFO confirmed to the Internal Auditor that she has 'Create Only' access and designated Authorising Councillors have 'Create and Authorise' access. After payments have been agreed 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) Councillor Authorisers with scanned copies of the invoices. The two Councillor Authorisers are asked to check the invoices/receipts, check the Payments Lists and then counter authorise the payment. Any payments made between Council meetings are later ratified at the next Council meeting.

12.4 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 as agreed by Council on 21 January 2021 (Minute 7b). The Clerk/RFO

requests one of the 5 Councillor Authorisers to log on to the internet banking site to confirm the amounts held in the Council's bank accounts.

12.5 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 within the sample examined.

12.6 The Clerk/RFO confirmed that no cheques were prepared during the year 2022/23.

12.7 The Internal Audit Report for the year 2021/22 (dated 5 April 2022) was received and accepted by the Council at its meeting on 19 April 2022. No matters of concern were raised in the report.

12.8 The Internal Auditor for the year 2022/23 was appointed by the Council at its meeting on 17 May 2022.

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

13.1 The Report and Certificate dated 25 July 2022 from the External Auditors, PKF Littlejohn LLP, for the year 2021/22 was reported to the Council at its meeting on 27 September 2022. No matters came to the External Auditors' attention to give any cause for concern.

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:

To be published by 1 July:

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

14.2 Documents in respect of the year 2021/22 had been published and were readily accessible on the Council's website:

<https://ufford.suffolk.cloud/parish-council/accounts/year-ending-31st-march-6/>

14.3 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require the Council to publish a formal 'Notice of Public Rights and Publication of Annual Governance and Accountability Return' on the website. A notice had been published on the Council's website and displayed the inspection dates. The appropriate form to be used for the 2022/23 year of account can be obtained from the PKF Littlejohn webpage:

<https://www.pkf-l.com/services/limited-assurance-regime/useful-information>

under the link:

[Public rights Notice for smaller authorities subject to a review](#)

14.4. The items listed below are to be published following completion of the External Audit (and no later than 30 September):

Notice of Conclusion of Audit

AGAR - Section 3

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

14.5 The Clerk/RFO reported to the Council at its meeting on 27 September 2022 that the Notice of Conclusion of Audit and Section 3 of Part 3 of the 2021/22 AGAR had been received from PKF Littlejohn LLP and circulated to all Councillors and that both documents had also been published on the Council's website and the Notice has been displayed in the Ufford Place Gates Notice Board.

14.6 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-6/>

15. Additional Comments

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

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

5 April 2023