

Report to Ufford Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2024

1. Introduction and Summary.

1.1 The Internal Audit for the year 2023/24 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 2023/24 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 high quality 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: £46,598.77
Total Payments in the year: £38,816.27
Total Reserves at year-end: £32,390.46

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 2023/24 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £24,608</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £22,904</i>
<i>Total Other Receipts:</i>	<i>Box 3: £23,694</i>
<i>Staff Costs:</i>	<i>Box 4: £15,023</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £23,793</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £32,390</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £32,390</i>
<i>Total fixed assets:</i>	<i>Box 9: £127,285</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 2023/24 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 23 May 2023. 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 23 May 2023 and reflect the latest model documents and guidance provided by the National Association of Local Councils (NALC).

2.3 Similarly, the Council's **Financial Regulations** were reviewed and approved by the Council at the meeting held on 23 May 2023 and also reflect the latest model documents and guidance provided by NALC.

2.4 The Council is applying the **General Power of Competence (GPOC)**. At its meeting on 23 May 2023 the Council declared that it was an eligible Council to use the GPOC, having sufficient elected Councillors and a suitably qualified Clerk and adoption of the Power was agreed. The GPOC continues in place until May 2027.

2.5 The Clerk's position as **Responsible Financial Officer (RFO)** was re-affirmed by the Council at its meeting on 23 May 2023.

2.6 At its meeting on 20 June 2023 the Council agreed the areas of interest and responsibility for each Councillor. The draft list was updated and the Clerk/RFO was asked to re-issue the list alongside the timetable for the visual inspections at the Play Park.

2.7 The Council demonstrates good governance practice by maintaining a **Projects List** which details the operations planned and being undertaken by the Council and against which progress can be monitored.

2.8 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.

2.9 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 2024). 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.

2.10 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).

2.11 The Council is making good 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 has subsequently received reports of NP issues at Council meetings. 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 and the progress of the Draft Plan during the 2023/24 year.

2.13 The Council agreed on 20 February 2024 that the Pre-Submission Draft Plan should proceed to Regulation 14 of the process and sent out for Consultation, subject to both the Chair of the Parish Council and the Chair of the Steering Group being satisfied that all amendments suggested so far would be included in the Plan. The Regulation 14 Exhibition took place on 14 March 2024 and attracted over 80 visitors.

2.14 On 20 February 2024 the Council reviewed the previously adopted LGA **Code of Conduct for Councillors**. 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.

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

2.16 On 19 March 2024 the Council considered moving to a '**gov.uk**' domain for the Website and email addresses to achieve greater security and to meet JPAG Best Practice. The Council agreed to revisit the matter at the end of 2024 following completion of the Neighbourhood Plan.

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 Council agreed at its meeting on 21 February 2023 to undertake a trial of the Scribe software system and attempts were made to use the system during the early part of the year 2023/24. However, at the meeting on 19 September 2023 the

Clerk/RFO reported that she had reverted the accounts back to Excel Spreadsheets. Although the Clerk/RFO had found the Scribe system very good for the basic accounting required by the Council, the system had not proved to be any quicker or secured improvement in facilities for reporting to Councillors.

3.2 The Cashbook Spreadsheet was found to be in very good order and well presented. VAT payments are tracked and identified within the Cashbook. 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 2022/23 and 2023/24) 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 £1,297.87 VAT paid in the period 1 February 2023 to 31 March 2023 was received at bank on 19 April 2023.
- b) A re-claim to HMRC for £314.63 VAT paid in the period 1 April 2023 to 30 September 2023 was received at bank on 3 November 2023.
- c) A re-claim to HMRC for £777.54 VAT paid in the period 1 November 2023 to 31 January 2024 was received at bank on 5 February 2024.

3.6 A Community Infrastructure Levy (CIL) Annual Report for 2023/24 has been prepared by the Clerk/RFO. The Report confirmed the CIL balance of £0 brought forward from 2022/23 and CIL receipts of £10,290.82 in the year. The total amount of £1,640.00 was applied on the following projects during the year:

Fell dead Elm Tree in Parklands Wood:	£200.00
Neighbourhood Plan Consultancy:	£540.00
Felling of two Oak Trees:	£900.00

3.7 The CIL Fund amount of £8,650.82 has accordingly been carried forward as at 31 March 2024. A copy of the CIL Annual Report for 2023/24 has to be published on the Council's website and submitted to the District Council no later than 31 December 2024.

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

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

4.2 At its meeting on 23 May 2023 the Council agreed that the 'Reserve' account with Lloyds Bank PLC be converted in to a 32-Day Notice Account to secure a higher rate of interest. On 20 June 2023 the Council agreed the setting up of an Instant Access Account, with zero balance, to be used in the case of funds being set aside but which may require instant access. The Council agreed to close the former 'Reserves Account'.

4.3 On 16 January 2024 the Council considered moving funds to a CCLA Account, in order to achieve a greater yield. The Council agreed that all the funds currently held in the Lloyds 32 Day Notice Deposit Account [£30,313.79 as of 31st December 2023] be moved to the CCLA Public Sector Deposit Fund, as soon as the 32 days' notice had been given. On 20 February 2024 the Council agreed a revision to the initial funds to be placed with the CCLA and that these be reduced to £25,000 as there were significant known costs from the Reserves that would be requested before the 2024/25 Precept was received.

4.4 At the year-end 31 March 2024 the transfers had yet to take place; the Council's Lloyds Treasurer's (Current) Account statement as at 31 March 2024 displayed a balance of £32,390.46 and reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation.

5. 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*).

5.1 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.

6. Policies, Procedures and Protocols in place.

6.1 The Council has a wide range of formal policies and procedures in place, in addition to those in compliance with the GDPR, to assist good governance and management. These include (inter alia) a Freedom of Information Procedure, Equal Opportunities Policy, Safeguarding Children and Vulnerable Adults Policy, Dispensation Policy, Protocols for Public Participation in Council Meetings, a Grants Awards Policy and a Formal Complaints Procedure (all of which have been published on the Council's website).

6.2 At its meeting on 18 July 2023 the Council reviewed and adopted the Communications Policy (July 2023).

6.3 Similarly, at the meeting on 16 January 2024, the Council considered and adopted a) Bring Your Own Device Policy (December 2023) and b) Health and Safety Policy (December 2023). The Council noted that the Health and Safety Policy was quite onerous given its prescriptive nature and consequently at the newly proposed quarterly review stage a definitive 'check list' should be reviewed by the Council to ensure adherence to the policy guidelines.

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

7.1 The Council received and adopted the Internal Control Statement and Internal Control Report for the year ended 31 March 2023 at its meeting on 18 April 2023. A copy has been published on the Council's website. The Clerk/RFO confirmed that the Internal Control Statement for the year ending 31 March 2024 is on the agenda for the April 2024 meeting of the Council.

7.2 The Council's Internal Control arrangements, including the efficiency of Internal Audit, were reviewed and agreed by the Council at its meeting on 20 February 2024 (Minute 11c refers).

7.3 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 19 March 2024 (Draft Minutes 13a and 13b refer).

7.4 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.

7.5 Insurance was in place for the year of account. The insurance renewal of £1,793.71 to Gallagher (Insurance Brokers) Ltd was paid on 27 September 2023. The insurance cover runs from 1 October 2023 to 30 September 2024 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.

7.6 An important area of risk management within local councils concerns the adequate maintenance of play equipment. Regular and timely inspections were vital to protect the safety of users. The Clerk/RFO confirmed that David Bracey (Play Safety Inspections) undertakes the inspections (one each quarter with one of these being the RoSPA Standard Annual Inspection). A payment of £516 to David Bracey was made on 25 May 2023.

7.7 The Clerk/RFO confirmed that Visual Inspections of the play equipment are routinely undertaken by nominated Councillors and any issues arising reported to her.

7.8 At the meeting on 21 November 2023 the Council discussed the possibility of constructing an Emergency Plan. At the Council's meeting on 16 January 2024 Councillor Bennett and Councillor Hawthorne reported that they had met with the Clerk/RFO to discuss her experience of an Emergency Plan in Hollesley and it had been agreed to write an article for the March PUNCH and to contact residents who administered the Helping Ufford Group Facebook page.

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

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

Precept 2024/25: £23,821 (19 December 2023, Minute 9c refers).

8.1 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).

8.2 A Draft Budget for the year 2024/25 was initially considered at the Council's meeting on 21 November 2023 (Minute 10c refers). A revised Draft Budget and the Precept for 2024/25 were considered and approved by the Council at the meeting held on 19 December 2023 (Minute 9c refers).

8.3 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.

8.4 Good budgetary procedures are in place. The Council prepared detailed estimates of the annual budget and of receipts and payments.

8.5 The estimates of the annual budget and of receipts and payments were used effectively by the Council during 2023/24 for budgetary control purposes.

8.6 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 19 March 2024 and no revisions were considered necessary.

8.7 Overall Reserves available to the Council as at 31 March 2024 were £32,390.46. Of those, the Allocated (Earmarked) Reserves and Restricted Reserves (CIL) totalled £20,561.49 as follows:

Election:	£1,200.00
Streetlight Project:	£2,000.00
Play Park Refurbishment:	£4,000.00
Car Park Refurbishment:	£3,599.00
Neighbourhood Plan Grant:	£1,111.67
CIL Restricted Reserve:	£8,650.82

8.8 General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2024 accordingly totalled £11,828.97 (equivalent to approximately 30% of the 2023/24 level of expenditure and is marginally within the General Reserves

Policy adopted by the Council in May 2022. 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.

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

9.1 Receipts are routinely reported to meetings of the Council. Those 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.

9.2 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).

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

10.1 A Petty Cash system is not in use. An expenses system is in place, with on-line payments being made for expenses incurred.

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

11.1 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.

11.2 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).

11.3 At the meeting held on 23 May 2023 the Council discussed the work undertaken by the Clerk/RFO to support the Neighbourhood Plan project. The Council resolved that the 3 extra hours per week should continue to be paid to the Clerk (the increase from 12.5 to 15.5 hours per week) for another 4 months until September 2023.

11.4 At the meeting on 19 September 2023 the Council agreed to continue to pay the Clerk/RFO the three additional hours per week to work on the NP project. This would be subject to review in January 2024. The Clerk/RFO confirmed to the Internal Auditor that the additional hours will continue through to May 2024.

11.5 Following the national agreement for local government officers' pay, the Council agreed at its meeting on 21 November 2023 to raise the Clerk/RFO's salary in line

with the recommended rate for SCP17 as from 1 April 2023 (£14.95 per hour). The Internal Auditor confirmed the backpay amount of £537.50 paid to the Clerk/RFO on 20 December 2023.

11.6 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.

11.7 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).

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

12.1 An Asset and Responsibilities Register is in place and was reviewed and adopted by the Council at its meeting on 19 September 2023. The Asset Register was similarly reviewed and adopted by the Council at its meeting on 19 March 2024.

12.2 The introduction to the Register highlights 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.

12.3 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 £127,284.61 is displayed as at 31 March 2024, a net decrease of £237.39 in the value of £127,522.00 at the end of the previous year, 31 March 2023.

12.4 The net decrease in the value in the year arises through the addition of Hanna Instruments (water testing) items (£291.61) and Display Board Sets (£175) and the removal of Lenovo Laptop (£420) and Chainsaw and Case (£284).

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

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

13. 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).

13.1 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.

13.2 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.

13.3 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.

13.4 The Clerk/RFO updates the financial accounts at the end of each month and constructs an Income and Expenditure Analysis for each month.

13.5 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.

13.6 No cheques were recorded as being prepared during the year 2023/24.

13.7 The Internal Audit Report for the year 2022/23 (dated 5 April 2023) was received and accepted by the Council at its meeting on 18 April 2023. No matters of concern were raised in the report.

13.8 The Internal Auditor for the year 2023/24 was formally appointed by the Council at its meeting on 23 May 2023.

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

14.1 The Report and Certificate dated 25 July 2023 from the External Auditors, PKF Littlejohn LLP, for the year 2022/23 was reported to the Council at its meeting on 19 September 2023. No matters came to the External Auditors' attention to give any cause for concern. The Clerk reported that Section 3 of Part 3 of the 2022/23 AGAR

returned by PKF Littlejohn LLP had been published on the website together with the Notice of Conclusion of Audit, which had been placed on the noticeboard

15. Publication Requirements.

15.1 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.

15.2 Documents in respect of the year 2022/23 had been published and were readily accessible on the Council's website:

<https://ufford.suffolk.cloud/parish-council/accounts/year-ending-31st-march-7/>

15.3. 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).

15.4 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-7/>

16. Additional Comments

16.1 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, CPFA

Internal Auditor

6 April 2024