

Internal Audit Report for Earl Soham Parish Council for the period ending 31 March 2024

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| Clerk | Guy Harvey |
| RFO (if different) | - |
| Chairperson | Councillor Thomas Johnson |
| Precept | £13,287.00 |
| Income | £14,199.72 |
| Expenditure | £13,524.77 |
| General reserves | £ 6,066.43 |
| Earmarked reserves | £28,200.00 |
| Audit type | Annual |
| Auditor name | Victoria Waples |

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- the integrity and reliability of information, accounts, and data

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2022/23 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

| Section 1 – proper bookkeeping | | |
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| The internal auditor will look at the methods and processes used to manage the council’s accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified. | | |
| Evidence | | <i>Internal auditor commentary</i> |
| <i>Is the ledger maintained and up to date?</i> | Yes | The council uses a spreadsheet to produce reports on a receipts and payments basis and is maintained in accordance with recommended practices. |
| <i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i> | Yes | Council’s gross income and expenditure level is below the threshold of £200,000 and has been for three (3) continuous years. Council’s operating under this limit may choose either to report on an income and expenditure basis or on a receipts and payments (R&P) basis. Council has elected to report its financial matters on a receipts and payments basis. |
| <i>Is the cash book up to date and regularly verified?</i> | Yes | The cashbook is reconciled on a regular basis. |
| <i>Is the arithmetic correct?</i> | Yes | A number of spot checks were conducted, and the functionality of the cashbook was found to be in order. |
| Additional comments: <i>council should ensure that the cashbook and/or minutes make reference to the powers used to incur expenditure. Statutory powers are granted by Parliament and give local councils the choice or opportunity to take action and are therefore discretionary. Like all powers given to public bodies the powers of local councils are defined in detail in legislation and these details may include a requirement to obtain the consent of another body. Local Councils must exercise their powers subject to the provisions of the general law.</i> | | |

| Section 2 – Financial Regulation and Standing Orders | | |
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| The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC’S latest model which include legislative changes. | | |
| Evidence | | <i>Internal auditor commentary</i> |
| Have Standing Orders been adopted, up to date and reviewed annually? | Yes | The Standing Orders, as reviewed and adopted at the meeting of 16 th November are based on the latest model published by the National Association of Local Councils (2018) (revised 2020). Whilst they are in the main compliant with legislation and have been adapted (where they are not |

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| | | <p>statutory requirements) to ensure that they are relevant to the Parish Council, they do not contain up to date financial thresholds. <i>Comment: council is advised to review the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21st December 2022 (see below) and ensure that the updated figures are incorporated into Standing Order 18av and 18c.</i></p> |
| Are Financial Regulations up to date and reviewed annually? | Yes | <p>Financial Regulations (FR), as seen on the Council's website were also reviewed at the meeting in November 2023 and are based on the NALC Model Financial Regulations 2019. Council has not updated the FRs with the amended values for contracts as outlined under LTN 87 - Procurement – March 2022. <i>Comment: SALC have advised (07.05.24) that the revised model Financial Regulations have now been published by NALC for use by councils and include the amended thresholds for procurement. It is these FRs which should be adopted by council at the earliest opportunity.</i></p> |
| Has the Council properly tailored the Financial Regulations? | Yes | The Council's Financial Regulations have been tailored to the Parish Council. |
| Has the Council appointed a Responsible Financial Officer (RFO)? ¹ | Yes | In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person to be responsible for the administration of the financial affairs of the relevant authority. |
| Additional comments: | | |

Section 3 – Payment controls

The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.

¹ Section 151 Local Government Act 1972 (d)

| Evidence | | Internal auditor commentary |
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| Is there supporting paperwork for payments with appropriate authorisation? | Yes | A selection of random payments were cross checked against cheque numbers, cash book, bank statement and invoices and all were found to be recorded/authorised in accordance with Proper Practices. Recommendation: whilst the cashbook has been uploaded to the website as an appendix for each meeting, there is limited reference to the individual accounts being authorised for approval and council should ensure that there is clarity on the amounts being expended either within the minutes or as an appendix to the minutes. |
| Where applicable, are internet banking transactions properly recorded and approved? | Yes | Internet banking is not used apart from the settlement of the clerk's remuneration and the contract for grounds maintenance. See comment above for approval of such payments. |
| Is VAT correctly identified, recorded, and claimed within time limits? | Yes | VAT is identified in the cash book. The year-end balance stands at £568.00 which was claimed after the year had ended. |
| Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ² | No | The council has not confirmed that it is eligible to exercise the GPOC. |
| Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate? | Yes | Payments identified as being made under this power for the year under review totalled £1,000.00. However upon a review of this power, council should consider whether the use of the following powers would be more suited for a grant to the Village Hall: <i>Power to contribute to the expenses of providing a village hall: Local Government Act 1972 s133; power to provide buildings for social objectives: Local Government (Miscellaneous Provisions) Act 1975 s19.</i> |
| Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements? | N/A | Council has no such loans. |

² Localism Act

³ Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £9.93 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Additional comments:

Section 4 – Risk management

The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.

| Evidence | | Internal auditor commentary |
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| <i>Is there evidence of risk assessment documentation?</i> | Yes | The risk assessment documentation as reviewed provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. However, the risk register seen was dated 1 st April 2020 – 31 st March 2021 and head up 2022-2023. From a scan of the minutes it is confirmed that council stated that it undertook a formal review of the risks associated with the functioning of a smaller authority in November 2023. <i>Comment: to warrant a positive response to Assertion 5 – risk management, council needs to have appropriate arrangements in place which identify and assess risks and how council will manage those identified risks. The record should include controls/mitigation and be formally considered and adopted by the council annually. Council is advised to ensure that such documentation contains review dates that are consistent with the review undertaken during the year in question.</i> |
| <i>Is there evidence that risks are being identified and managed?</i> | Yes | Council is aware that risk assessment needs to focus on the safety of the parish council's assets, operations and in particular its money. There is evidence that overall the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences. |
| <i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i> | Work required | Council has insurance in place under a Local Councils Policy with Zurich Insurance which shows core cover for the following: Public/Products Liability: £12million; Employer's Liability £10million and Fidelity Guarantee of £250thousand. |

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| | | <p><i>Comment: Council has followed recommended guidance by ensuring that its Fidelity Cover is equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May.</i></p> <p>A scan of the minutes does not demonstrate that council has reviewed the levels of insurance for land, public and employees liability against quotations received and agreed appropriate adjustments to the cover being proposed and agreed to renew with the current insurers. Council should be aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance and that annual reviews of the Council's insurance were undertaken prior to renewal.</p> <p><i>Comment: Council should ensure that it is able to demonstrate that it has reviewed the risks facing the Council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things).</i></p> |
| <p><i>Evidence that internal controls are documented and regularly reviewed⁴</i></p> | <p>Yes</p> | <p>At the meeting of 16th November 2023, Council, in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, confirmed that the financial and management systems of the council were sound and adequate and internal control arrangements were efficient and effective to address the risks associated with the management of public finances.</p> <p><i>Comment: Council might wish, in accordance with good practice, consider appointing a councillor(s) to review the system of internal control via specific tests. Such a review should be reported to full council thereby further demonstrating that council has understood the requirements to have in place safe and efficient arrangements to safeguard public money.</i></p> |
| <p><i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i></p> | <p>Yes</p> | <p>The minutes of 13th July 2023 demonstrate that the council formally reviewed the scope and effectiveness of its internal audit arrangements and concluded that the standards were being met and that the work of internal audit was effective.</p> <p><i>Comment: Council is aware that in accordance with the Accounts and Audit Regulation 2015, it must review the terms of reference and effectiveness of</i></p> |

⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

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| | | <i>internal audit and demonstrate that it has understood that the role of internal audit is to evaluate and report on the adequacy of the system of internal control.</i> |
| Additional comments: | | |

| Section 5 – Budgetary controls | | |
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| The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed | | |
| Evidence | | Internal auditor commentary |
| <i>Verify that budget has been properly prepared and agreed</i> | Yes | <p>Whilst council discussed the setting of the budget there is no minute reference to indicate that which was set. From workings seen on the website, the revenue budget for 2023-2024 was set at £13,287 to be funded by the precept.</p> <p>The budget for the year 2024-2025 was approved at the council meeting of 11th January 2024 but there is also no minute reference to indicate that which was set. Again from workings seen on the website, this was set at £16,331.</p> <p><i>Comment: to ensure transparency in the budgetary process followed by the council, it is advised to record within the minutes the actual budget being set alongside the reasoning for such a budget.</i></p> |
| <i>Verify that the precept amount has been agreed in full Council and clearly minuted</i> | Yes | <p>The precept for the year 2023 – 2024 was set at £10,651 at the meeting of 10th November 2022 with the details demonstrating that this was a decrease on that set for the previous year. There is, however, no indication as to the impact that this would have on the precept being levied on the parish.</p> <p>The precept for the year 2024 – 2025 was discussed and approved at the meeting of 11th January 2024 but there is no indication as to the level or precept approved.</p> <p>Recommendation: The minutes should be expanded to demonstrate best practice by detailing the precept being set as well as showing the impact that the precept would have on a Band D Council Tax dwelling</p> |

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| | | over that set for the previous year and the reasoning behind the increase/decrease. |
| <i>Regular reporting of expenditure and variances from budget</i> | <i>Not clear</i> | <p>There is no formal record to show that council, in accordance with its own standing orders, reviewed the budget to actual expenditure and income during the year under review.</p> <p>Recommendation: Council should be mindful of its own Standing Order – Accounts and Accounting Statements 17c, which provides details on the frequency on the submission of the Council’s receipts and payments (or income and expenditure) for each quarter; the Council’s aggregate receipts and payments (or income and expenditure) for the year to date; the balances held at the end of the quarter being reported and which includes a comparison with the budget for the financial year and highlights any actual or potential overspends. Council needs to demonstrate that the progress against the budget is reviewed regularly throughout the year.</p> |
| <i>Reserves held – general and earmarked⁶</i> | Yes | <p>The Council, as at year-end, had general reserves totalling £6,066.43 and earmarked reserves of £28,200.</p> <p><i>Comment: council is advised to note guidance as issued by Proper Practices which states that it is regarded as acceptable for a council’s general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure. There is no upper limit for earmarked reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i></p> |
| Additional comments: | | |

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| Section 6 – income controls | |
| The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this. | |
| Evidence | Internal auditor commentary |

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

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| <i>Is income properly recorded and promptly banked?</i> | Yes | Income is recorded in accordance with Council's Financial Regulations. A sample of receipts was checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. The RFO has ensured that the accounting records contain all day-to-day entries of all sums of money received. |
| <i>Is income reported to full council?</i> | Yes | Income received is reported to full Council within the financial reports submitted to full Council. |
| <i>Does the precept recorded agree to the Council Tax Authority's notification?</i> | Yes | Council received precept in the sum of £113,287 from East Suffolk Council for the period under review as reported to full council within its Financial Reports. Evidence was provided showing a full audit trail from Precept being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the council's bank account along with further information detailing the increase in that which was set. |
| <i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i> | N/A | Council did not receive any CIL receipts during the year under review and has no retained CIL balances. |
| <i>Is CIL income reported to the council?</i> | N/A | |
| <i>Does unspent CIL income form part of earmarked reserves?</i> | N/A | |
| <i>Has an annual report been produced?</i> | N/A | |
| <i>Has it been published on the authority's website?</i> | N/A | |
| Additional comments: | | |

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| Section 7 – petty cash | |
| The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date. | |
| Evidence | Internal auditor commentary |

⁷ Community Infrastructure Levy Regulations 2010

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| <i>Is petty cash in operation?</i> | N/A | Council does not operate a petty cash system. |
| <i>If appropriate, is there an adequate control system in place?</i> | N/A | |
| Additional comments: | | |

| Section 8 – Payroll controls | | |
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| The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips. | | |
| Evidence | | Internal auditor commentary |
| <i>Do all employees have contracts of employment?</i> | Yes | Council had 1 employee on its payroll at the period end of 31 st March 2024. Employment contracts were not reviewed during the internal audit but the Clerk to the Council has confirmed that all staff have a Contract of Employment in place. |
| <i>Has the Council approved salary paid?</i> | Yes | All salary payments are presented to full Council for approval and payment is made via standing order in accordance with council's own Financial Regulations. <i>Comment: there appears to be no minute reference to demonstrate that in accordance with Financial Regulation 4.4, council reviewed its annual salary budget in October for the following year and that such a review would be evidenced by a hard copy schedule being signed by the Clerk and the Chair.</i> |
| <i>Minimum wage paid?</i> | No | No employee is paid the national minimum wage. |
| <i>Are arrangements in place for authorising of the payroll and payments to the council?</i> | Yes | There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation. |
| <i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i> | Yes | The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines and outsourced. Cross-checks were completed on a sample of payments covering salary and found to be in order. |

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| <i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i> | Yes | At the meeting of 16 th November 2023, it was confirmed that the clerk had opted out of the pension scheme. |
| <i>Have pension re-declaration duties been carried out?</i> | Unclear | It is unclear as to whether council is aware of its pension responsibilities under the Pensions Act 2008 as no evidence was seen of the declaration (or redeclaration) of compliance with the Pensions Regulator. <i>Comment: council should be aware that every employer must put certain staff into a workplace pension scheme. This is known as automatic enrolment. This is an employer's legal duty, and councils must let the Pension Regulator know when they have completed the task by completing and submitting a declaration of compliance.</i> For further guidance: https://www.thepensionsregulator.gov.uk/en/employers |
| <i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i> | Yes | There is a satisfactory expense system in place and all expenses claimed are approved by full council with supporting paperwork in place and reimbursed in accordance with Council's Financial Regulations. |
| Additional comments: | | |

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| Section 9 – Asset control | | |
| The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval. | | |
| Evidence | | Internal auditor commentary |
| <i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i> | Yes | The Asset Register, as viewed on the Council's website, was reviewed during the Internal Audit Visit for year-end and reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end |

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

⁹ Practitioners Guide

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| | | (31.03.2024) is £14,573, which reflects no movement in the asset register since that declared at 31 st March 2023. |
| <i>Is the value of the assets included? (Note value for insurance purposes may differ)</i> | Yes | Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2023 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied. |
| <i>Are records of deeds, articles, land registry title number available?</i> | Yes | Records of deeds, articles, land registry title number were not reviewed during the internal audit which was conducted via remote means. |
| <i>Are copies of licences or leases available for assets sited at third party property?</i> | N/A | Council does not have any assets located on third party property although council does rent a field for the provision of allotments. |
| <i>Is the asset register up to date and reviewed annually?</i> | Yes | The values submitted on the Annual Governance and Accountability Return for Internal Audit show an asset value of £14,573 which matches that declared at Box 9 on the AGAR for approval by the council <i>Comment: Council has ensured that the values stated above mirrors the declared value on the unaudited accounts for the year ending 31st March 2024.</i> |
| <i>Cross checking of insurance cover</i> | | Council has insurance under all risks cover for its assets as specified under generic headings on the insurance schedule. |
| Additional comments: | | |

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| Section 10 – bank reconciliation | | |
| The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation. | | |
| Evidence | | Internal auditor commentary |
| <i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i> | Yes | The cashbook spreadsheets submitted at each meeting show the total balances held within the council's accounts. |
| <i>Do bank balances agree with bank statements?</i> | Yes | Bank balances agree with period end statements and, as at year end (31 st March 2024) the balance across the council's account stood at £34,266.43 |

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| | | as recorded in the statement of accounts and on the year-end bank reconciliation. |
| <i>Is there regular reporting of bank balances at Council meetings?</i> | Yes | Balances across the Council's accounts are reported at each meeting of full Council. <i>Comment: in accordance with council's internal control objectives, council should seek to expand the reporting of financial matters and demonstrate that a review of the bank reconciliation versus the bank statements has been undertaken. This is not only good practice but is also a safeguard for the RFO and fulfils one of the authority's internal control objectives.</i> |
| Additional comments: | | |

| Section 11 – year end procedures | | |
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| Evidence | | <i>Internal auditor commentary</i> |
| <i>Are appropriate accounting procedures used?</i> | Yes | Accounts are produced on a receipts and expenditure/ basis, and all were found to be in order. |
| <i>Financial trail from records to presented accounts</i> | Yes | The end of year accounts were presented for the internal auditor review and there is a clear financial trail from records to presented accounts. Year-end balances agree with cash book and bank reconciliations. |
| <i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i> | Yes | As Council is a smaller authority with gross income and expenditure not exceeding £25,000 it will be required to complete the Annual Governance and Accountability Return (AGAR) Form 2. The Accounting Statements were approved and signed at the meeting of 27 th May 2024. Recommendation: council should note that Section 1 Annual Governance Statement must be approved before Section 2 Accounting Statements. The AGAR submitted for internal audit shows that Section 2 was approved at the meeting of 27.05.2024 (reference 8.1a) before Section 1 (reference 8.1b). |

¹⁰ Annual Governance & Accountability Return (AGAR)

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| | | <p>Council should also ensure that both Section 1 and Section 2 of the AGAR are fully completed prior to publication.</p> <p>Council should also ensure that it submits the relevant documentation to the external auditor by the due date to avoid incurring unnecessary costs.</p> |
| <p><i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i></p> | <p>Yes</p> | <p>The Parish Council did not have gross income and expenditure exceeding £25,000 during 2022-2023 and was able to declare itself exempt from a limited assurance review for the year ending 31st March 2023. The minutes of 27th May 2023 demonstrate that an exemption was approved to be claimed.</p> <p><i>Comment: Council has ensured that there is formal evidence of the legal decision taken to claim exemption under section 9 of the Local Audit (Smaller Authorities) Regulation 2015.</i></p> |
| <p><i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i></p> | <p>Yes</p> | <p>Council has demonstrated that during the year under review, it ensured that the period for the exercise of elector's rights during Summer 2023 was in accordance with the period specified within the Accounts and Audit Regulations 2015. The dates set were 28th June to 10th August 2023.</p> <p><i>Comment: within the Annual Internal Audit Report, internal control objective test M requires the internal auditor to establish whether the parish council correctly provided for the exercise and published a copy of the required "Public Notice" by ensuring that it clearly identified the statutory 30 working day period when the Authority's records are available for public inspection. This is evidenced by the notice on the website which contains the period for the exercise of public right; details of the manner in which the documents can be inspected; the name and address of the external auditor and the provisions as contained under section 25 and section 27 of the Act.</i></p> <p>Recommendation: council should note that, as per the detailed instructions for the setting of the period for the exercise of the public rights, the date of placing of the notice must be not less than 1 day before the date upon which the period commences.</p> |
| <p><i>Have the publication requirements been met in accordance with the Regulations?¹¹</i></p> | <p>No</p> | <p>The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 for the year ending 31st March 2023 and published the following on a public website: <i>however it is noted that apart from the Annual</i></p> |

¹¹ Accounts and Audit Regulations 2015

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| | <p><i>Internal Audit Report, those below were not fully completed prior to publishing:</i> Certificate of Exemption Annual Internal Audit Report Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Notice of the period for the exercise of public rights Analysis of variances Bank reconciliation – year-end Recommendation: council is advised to ensure that the approved documents listed above are fully completed, signed and published in accordance with regulations in place at the time.</p> |
| Additional comments: | |

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| <p>Section 12 – internal audit The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.</p> | | |
| Evidence | | <i>Internal auditor commentary</i> |
| <i>Has the Council considered the previous internal audit report?</i> | Yes | The Internal Audit Report for the period ending 31 st March 2023 was formally considered by and approved for adoption at the meeting of 13 th July 2023. |
| <i>Has appropriate action been taken regarding the recommendations raised?</i> | Yes | The following recommendations contained with the report requiring submission of a separate audit plan were as follows: <ol style="list-style-type: none"> 1. Review Standing Orders on an annual basis. 2. Review Financial Regulations on an annual basis. 3. Completion of an annual risk assessment on the actions and decision taken by council. 4. Annual review of the effectiveness of internal controls. 5. Annual review of the effectiveness of internal audit. |

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| | | <p>6. Period of exercise of public rights in accordance with those set in legislation.</p> <p>7. Publish in accordance with the Transparency Code for Smaller Authorities 2014.</p> <p>8. Correct approval of the Annual Council Minutes.</p> <p>Those in bold are still to be addressed.</p> |
| <i>Has the Council confirmed the appointment of an internal auditor?</i> | Yes | <p>The appointment of the person to act as the parish council's independent internal auditor for the year 2023-2024 was approved at the council meeting of 21st March 2024.</p> <p><i>Comment: Council has understood the requirement to ensure that there is an appointed person to provide assurance that the financial and management systems of the council are sound and adequate and internal control arrangements are efficient and effective.</i></p> |
| Additional comments: | | |

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| Section 13 – external audit for the period under review | | |
| The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered. | | |
| Evidence | | <i>Internal auditor commentary</i> |
| <i>Has the Council considered the previous external audit report?¹²</i> | N/A | The Parish Council did not have gross income and expenditure exceeding £25,000 and was able to declare itself exempt from a limited assurance review for the year 2022-2023. |
| <i>Has appropriate action been taken regarding the comments raised?</i> | N/A | |
| Additional comments: | | |

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

| Section 14 – additional information | | |
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| The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations. | | |
| Evidence | | <i>Internal auditor commentary</i> |
| <i>Was the annual meeting held in accordance with legislation?</i> ¹³ | No | <p>Council held its Annual Meeting of the Parish Council at which the Chair was elected on 27th May 2023 which is outside of the period set in legislation for an election year.</p> <p><i>Comment: council is advised that, in an election year, under the 1972 Act, the annual meeting of the council must take place between on or within 14 days of the day after the newly elected councillors took place.</i></p> <p>There appears to be confusion over the signing of the minutes relating to the Annual Council Meeting that took place in May 2022 (and previously in May 2021). The minutes of the meeting of 27th May 2023 confirms that at this meeting the minutes of the Annual Council Meeting of 26th May 2022 were approved. There is no legislative reasoning as to why the approval of the minutes of the Annual Council Meeting should be deferred for a year and as such council has failed to act in accordance with LGA 1972 schedule 12, paras 41(1) and 44.</p> <p>Recommendation: council should ensure that the minutes of the Annual Council Meeting of 27th May 2024 are submitted for approval at the next scheduled meeting in 2024.</p> |
| <i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴ | Work required | <p>Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting (apart from the Annual Council Meeting), the Chair is given formal approval to sign the minutes.</p> <p><i>Comment: Council should note that, in accordance with legislation, loose leaf minutes should be numbered consecutively and signed by the Chair of the meeting on each page.</i></p> |

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

¹⁴ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

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| | | <p>Whilst the minutes show apologies given (where applicable), there is no formal record to show that Council has approved the apologies submitted. Recommendation: s85 of the 1972 Act states that “..if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.” Council is advised to ensure that all absences are not merely recorded but approved by the Council thereby ensuring that the absence is not treated as unapproved. An accidental or unforeseen absence at a subsequent meeting could then lead to an unnecessary disqualification. NALC LTN 5 provides further clarity on this matter including the good practice of seeking approval for an apology in writing.</p> <p>It is noted that the minutes of 11th January and 7th March 2024 do not detail those present. <i>Comment: council is advised to ensure that the minutes detail those present to ensure that council is able to demonstrate that at all times the meeting is quorate (LGA 1972 sch. 12, para12 & Localism Act 2011).</i></p> |
| <i>Is there a list of members’ interests held?</i> | Yes | A link was provided from the council’s website to that of East Suffolk District Council’s for access to the Register of Interests for all current Parish Councillors. |
| <i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i> | N/A | Council does not have any trustee responsibilities. |
| <i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i> | Yes | Council is aware that councils with gross income and expenditure under £25,000 are required to follow the Local Government Transparency Code 2014 for smaller authorities. The following items were seen published on the council’s public website in accordance with the dates prescribed by the relevant regulations for the year 2022-2023: Internal Audit Report ; List of Councillors and Responsibilities; Items of Expenditure Above £100 including recoverable and non- recoverable VAT; End of Year Accounts; Annual Governance Statement; Asset Register and that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency code for smaller authorities – December 2014 |

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| <p><i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁵</i></p> | <p>Yes</p> | <p>The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.</p> <p>Under the Freedom of Information Act 2000, public authorities must provide access to information held which must be published proactively. The Freedom of Information Act requires every public authority to have a publication scheme and to publish information covered by the scheme.</p> <p><i>Comment: whilst council has correctly uploaded the Model Publication Scheme from the ICO, it still needs to tailor the scheme and detail the type of information it holds and how it will make it available to the public which is available to view on the Council operated website.</i></p> |
| <p><i>Is the Council compliant with the General Data Protection Regulation requirements?</i></p> | <p>Yes</p> | <p>Council has taken active steps to ensure compliancy with the GDPR requirements and has GDPR policies that provide clear responsibilities and obligations of the Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. Council has ensured that there is a Privacy Statement on the website which covers the framework that the public can expect for dealing with requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.</p> |
| <p><i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i></p> | <p>Yes</p> | <p>Whilst council has accessibility tools on its website allowing for a greater flexibility in the use of the site, it still does not have a website accessibility statement on the council operated website detailing the technical information of the website along with the methods used for evaluating the website; the steps being taken to improve accessibility and how the site can be approved in accordance with the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.</p> <p>Recommendation: council is advised to address this prior to changes in legislation later in the year.</p> |

¹⁵ Data Protection Act 2018

¹⁶ Website Accessibility Regulations 2018

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| <i>Does the council have official email addresses for correspondence?¹⁷</i> | Yes | Council uses a .org email address for official business for the council which is not linked to a private account and has use of the domain name earlsoham.org for the website and councillor provided email addresses. <i>Comment: Council has considered the comments raised in the Practitioners Guide to Proper Practices (effective March 2024) section 1.26 which states that every authority should have an email account that belongs to the council and to which the council has access.</i> Further guidance issued over the use of a secure e-mail system with a gov.uk address with dedicated email address for councillors can be found at sections 5.210 to 5.219. |
| <i>Is there evidence that electronic files are backed up?</i> | Yes | Council's risk register demonstrates the back-up procedures in place. |
| <i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i> | N/A | Council does not operate with a committee system. |

Signed: *Victoria S Waples*

Date of Internal Audit Review: 20.06.24 & 22.06.24

Date of Internal Audit Report: 22.06.2024

On behalf of Suffolk Association of Local Councils

¹⁷ Practitioners Guide