

## **Report to Hollesley Parish Council**

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

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

1.1 The Internal Audit work undertaken confirmed that during the 2023/24 year the Council continued 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 a high standard of 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: £49,734.92*  
*Total Payments in the year: £40,143.80*  
*Total Reserves at year-end: £18,977.08 (of which £2,215 is earmarked)*

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: £9,386</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £35,596</i>
<i>Total Other Receipts:</i>	<i>Box 3: £14,139</i>
<i>Staff Costs:</i>	<i>Box 4: £12,648</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £1,174</i>
<i>All Other payments:</i>	<i>Box 6: £26,322</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £18,977</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £18,977</i>
<i>Total fixed assets:</i>	<i>Box 9: £198,987</i>
<i>Total borrowings:</i>	<i>Box 10: £TBC * Note 1</i>

*\* Note 1: Awaiting official notification from PWLB of principal outstanding.*

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** was held on 18 May 2023. The first item of formal business was the Election of a Chair, in accordance with the requirements of the Local Government Act 1972.

2.2 **Standing Orders** are in place and were reviewed and adopted by the Council at its meeting on 18 May 2023 (Minute 21b refers) and reflect the latest model documents and guidance provided by the National Association of Local Councils (NALC).

2.3 **Financial Regulations** are also in place and were also reviewed and approved by the Council at its meeting on 18 May 2023 (Minute 21c refers) and 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 18 May 2023 the Council declared that it met the relevant criteria regarding elected Councillors and a suitably qualified Clerk and adoption of the Power was agreed (Minute 13d refers). 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 18 May 2023 (Minute 9c refers). The Meeting also approved the Bank Standing Orders and Direct Debits set up for the Council (Minute 11 refers).

2.6 At its meeting on 18 May 2023 the Council discussed agreed the areas of interest and responsibility for each Councillor. The Clerk/RFO was asked to update the Internal Council Directory and then re-issue the list.

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 person acting as 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 ZA150248 refers, expiring 16 November 2024).

2.10 The Council demonstrates compliance with the **General Data Protection Regulations (GDPR)** through the adoption of formal policies including a Data Protection Statement, a Data Protection Risk Assessment, a Data Protection Impact Assessment, an Information Security Incident Policy, an Information Protection Policy and a Retention of Documents and Records Policy, all of which have been published on the Council's website. Whilst the Council is not required to formally appoint a Data Protection Officer, it has demonstrated good practice by resolving at its meeting on 17 May 2018 that the Clerk/RFO should undertake this role (Minute 12b refers).

2.11 The Council also demonstrates good practice by maintaining a wide range of other formal **Policies, Procedures and Protocols**, including a Health and Safety Policy, Formal Grants Award Policy, Equal Opportunities Policy, Reporting Protocol, Public Participation Protocol and Disciplinary Procedure, all of which have been published on the Council's website.

2.12 The Council's Formal Complaints Procedure (November 2023) and Grievance Procedure (November 2023) were reviewed and approved by the Council at its meeting on 21 December 2023. Similarly, an Affordable Housing Policy was adopted by the Council on 18 January 2024.

2.13 The Freedom of Information procedure, Dispensation Policy, Sickness and Absence Policy and the Safeguarding Children and Vulnerable Adults Policy have also been adopted and published on the website. Similarly, the Publication Scheme (February 2024) was adopted by the Council on 15 February 2024.

2.14 The Model **Councillor Code of Conduct** (2020) for Councillors was considered and adopted by the Council at its meeting on 19 May 2022 (Minute 18c refers). The Code details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code was provided to each Councillor prior to the Council's meeting on 15 February 2024.

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

2.16 On 21 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 move over to a .gov.uk domain for its website and 10Gb of mailbox space.

### **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 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 and Online payments and the monthly financial information prepared by the Clerk/RFO. Supporting invoices, vouchers and receipts were examined on a

sample basis and found to be in order. Any queries that arose during the audit were discussed with and resolved by the Clerk/RFO.

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

- a) A re-claim of £7,994.95 for VAT paid in the period 1 February 2023 to 31 March 2023 was submitted to HMRC on 12 April 2023, was received at bank on 19 April 2023.
- b) A re-claim for £1,744.52 VAT paid in the period 1 April 2023 to 31 July 2023 was submitted to HMRC on 31 July 2023, was received at bank on 3 August 2023.
- c) A re-claim for £507.69 VAT paid in the period 1 August 2023 to 31 January 2024 was submitted to HMRC on 31 January 2024, was received at bank on 5 February 2024.

3.5 A detailed 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.

3.6 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 nil CIL receipts in the year 2023/24. The CIL amount of £0 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 Clerk/RFO presents up-to-date accounts to Council meetings and a nominated Councillor verifies the figures in the bank accounts with the action being recorded in the Council's Minutes.

4.2 The bank statements for the Barclays Community (Current) Account and the Business Premium Account reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation as at 31 March 2024.

#### **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 found to be in order.

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

6.1 The Council's Internal Control mechanisms and the effectiveness of Internal Audit were reviewed by the Council at its meeting on 18 January 2024 (Minute 6 refers).

6.2 The Council's Risk Assessment documents were reviewed and adopted by the Council at its meeting on 21 March 2024 (Draft Minutes 13a to 13d refer). The Risk Assessment (Financial) and Risk Assessment (Non-Financial) documents provide a detailed analysis of risks faced by the Council and the internal control measures in place to mitigate the risks identified. The Risk Assessments for Cemetery Maintenance and Litter Picking were included in the review and similarly adopted by the Council.

6.3 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.

6.4 The Council formally adopted the Internal Control Statement and Internal Control Report at its meeting on 18 April 2023. 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.

6.5 An important area of risk management within local councils concerns the adequate maintenance of play equipment. At the meeting on 20 April 2023 the Clerk/RFO advised the Council that although ES Norse had carried out repairs to the play equipment to a high standard, they had failed to send the RoSPA report to her and had not billed the Council in over 3 years. The Council agreed to terminate the contract with ES Norse and move over to David Bracey for Quarterly and Annual Inspections.

6.6 Insurance was in place for the year of account. At the meeting on 21 September 2023 the Council approved the payment of the insurance premium of £1,803.04 to Gallagher (Insurance Brokers). 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.

6.7 Employer's Liability cover and Public Liability cover each stand at £10m. Cover for Fidelity Guarantee (Councillor/Employee Fraud and Dishonesty) is 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 received.

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

Precept 2023/24: £35,596 (agreed by Council on 22 December 2022, Minute 5c).

Precept 2024/25: £38,230 (agreed by Council on 21 December 2023, Minute 6c).

7.1 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. Detailed Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

7.2 The Draft 2023/24 Budget figures were presented to the Council at its meeting on 17 November 2022. A revised Budget and Precept were confirmed and approved at the meeting on 22 December 2022.

7.3 Draft 2024/25 Budget figures were presented to the Council at its meeting on 16 November 2023 and a Final Budget and Precept for 2024/25 were confirmed and approved at the meeting on 21 December 2023.

7.4 Good budgetary procedures are in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The agreed estimates were used effectively for financial control and budgetary control purposes throughout the year.

7.5 At its meeting on 19 May 2022 the Council reviewed and adopted a Reserves Policy (Minute 18a refers) which provides that the Council will hold Reserves for the following purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing (part of the General Reserves).
- A contingency to cushion the impact of unexpected events or emergencies (also part of the General Reserves).
- A means of building up funds (Earmarked Reserves), to meet known or predicted requirements.
- A means of using funds to address the demands that development has placed on the area from the (CIL) Restricted Reserves.

7.6 The Overall Reserves available to the Council as at 31 March 2024 were £18,977.08. Of those, the Allocated (Earmarked) Reserves totalled £2,215.00 relating to the Street Light Project.

7.7 General Reserves (Overall Reserves less Earmarked Reserves) as at 31 March 2024 accordingly totalled £16,762.08 (equivalent to 5.2 months equivalent of the 2024/25 Precept). Accordingly, the General Reserves at the year-end were in line with the generally accepted Best Practice position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.33 refers).

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

8.1 Receipts are routinely reported to meetings of the Council. A sample of Receipts recorded in the Cashbook Spreadsheet was cross referenced with the available documentation and bank statements on a test-check basis and were found to be in order.

8.2 At its meeting on 18 May 2023 the Council reviewed the fees for the Cemetery and it was agreed that a price increase of 10% (rounded to the nearest £5) would be applied to all charges from 1 July 2023.

8.3 The Council last reviewed Allotment charges at its meeting on 29 September 2022. The Clerk/RFO had circulated a paper on the current charges for Allotment Plots. The Council agreed that the charges remain unchanged for 2022/23 but to be raised to 12p per square. metre from 1st November 2023.

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

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

**10. Payroll Controls (PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment).**

10.1 Payroll Services are operated on behalf of the Council by the Suffolk Association of Local Councils (SALC). Detailed payslips are produced, PAYE is in operation and contributions are being made to the Local Government Pension Scheme (LGPS). Calculations regarding Pay, PAYE and Pension Contributions are undertaken by SALC in accordance with HMRC requirements. 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.

10.2 The Council agreed at its meeting on 17 March 2022 that the Clerk/RFO's salary be raised to SCP 22 from 1 April 2022, with two further rises to SCP 23 and SCP 24 on 1 April 2023 and 1 April 2024 respectively (Minute 21 refers). The Council reviewed the Clerk/RFO's performance at its meeting on 16 March 2023 and confirmed the pay grade increase for the Clerk/RFO from SCP 22 to SCP 23 from 1 April 2023 in accordance with the resolution on 17 March 2022 (Minute 18 refers).

10.3 Following the national agreement for local government officers' pay, the Council agreed at its meeting on 16 November 2023 to raise the Clerk/RFO's salary in line with the recommended rate for Scale SCP 23 (which the Clerk/RFO was on) to £16.67 per hour, back dated to 1st April 2023.

10.4 At the meeting on 21 March 2024, the Council confirmed its agreement to increase the salary of the Clerk/RFO to Scale Point 24 with effect from 1 April 2024.

10.5 The Council is enrolled in the Suffolk County Council pension scheme. This was agreed by the Council at its meeting on 18 October 2018; payment of pension contributions commenced in April 2019 and have continued since that time.

10.6 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 27 January 2023. (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).

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

11.1 A comprehensive Asset and Responsibility Register is in place and is routinely reviewed and approved at meetings of the Council.

11.2 The assets are recorded at cost value. In the instances where the actual cost is unknown the asset is recorded at a nominal £1 community value. The total value of £198,987 as at 31 March 2024 displays an increase of £631 from the £198,356 value at the end of the previous year, 31 March 2023. The increase reflects the purchase of a New Notice Board at Oak Hill (£629) and New Seats at Tank Hill and at the Allotments (both donated and recorded at a community value of £1 for each).

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

11.4 The Asset Register complies with the current requirements which provide that each asset should be recorded at a consistent value, year-on-year. The value has been correctly placed in Box 9 of the AGAR 2023/24.

11.5 The Council maintains a Register of Assets of Community Value. At the meeting on 17 February 2022 the Council agreed to re-designate the Shop/Post Office, the Shepherd and Dog Inn and the Hollesley Garage as Assets of Community Value (Minute 12 refers).

**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 effective internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. The Council's Cashbook Spreadsheet Accounts are agreed at meetings of the Council and a Councillor is designated to check the Council's bank statements.

12.2 The Council receives at each meeting a list of payments for review and authorisation, payments made since the previous meeting and any sums received.



Receipts and Payments are listed in the Minutes of the Council as part of the Council's overall financial control framework.

12.3 The Clerk/RFO maintains an 'Online Payments List'. After payments are approved at a meeting of the Council, the Clerk/RFO sets up the online payments and acts as the 'First Authoriser' (as required by Barclays Bank as a 'create only' facility is not provided). The Clerk/RFO then submits the Online Payments List is sent to Councillors with the scanned invoices/vouchers and a Councillor Authoriser is asked to check the invoices/vouchers and then counter authorise each payment (the 'Second Authorising' procedure). The Councillor Authoriser is also able to examine the invoices/vouchers at the meeting where the payment is approved by the Council.

12.4 The Clerk/RFO confirmed that under the online banking arrangements, the monitoring procedure is conducted online by a different Councillor each month and recorded in the Minutes of the Council meeting.

12.5 The Clerk/RFO confirmed to the Internal Auditor that no payments were made by cheque during 2023/24.

12.6 The Internal Audit Report for the previous year (2022/23) was received and accepted by the Council at its meeting on 20 April 2023 (Minute 6b refers). The Report put forward the following two recommendations:

*R1: The Council should compare the Asset Register values to the Insurance Cover in place for each category of Assets and liaise with the Insurers to ensure that all the Council's Assets, including the new play equipment, are appropriately covered by insurance.*

The Clerk/RFO confirmed to the Council on 20 April 2023 that this recommendation had been actioned.

*R2: The Council should monitor the level of General Reserves during the year 2023/24 and work towards meeting the Council's Reserves Policy and best practice as outlined by the JPAG Proper Practices. It is important to ensure at all times that the Council maintains sufficient General Reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.*

The Council confirmed at the meeting held on 20 April 2023 its official acceptance of this recommendation. The level of General Reserves as at 31 March 2024 had increased to a level in line with the recommended Best Practice guidelines.

12.7 The Internal Auditor for the year 2023/24 was appointed by the Council at its meeting on 18 May 2023 (Minute 9a refers).

### **13. External Audit (*Recommendations put forward or comments made following the Limited Assurance Review*).**

13.1 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 21

September 2023 (Minute 10b refers). 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 2022/23 had been published and were readily accessible on the Council's website:

<https://hollesley.suffolk.cloud/council-documentation/accounts/>

14.3. 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).

14.4 The Internal Auditor was able to confirm that the documents for the year 2022/23 were readily accessible on the Council's webpage:

<https://hollesley.suffolk.cloud/council-documentation/accounts/>

#### **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.

15.2 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 2024**