

Report to Palgrave 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 maintained effective governance arrangements including a robust 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.

1.2 By examination of the 2023/24 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs in the year and produced appropriate financial and management information to enable the Council to make well-informed decisions. The Council has adopted and maintains a wide range of formal Policies and Procedures which can act as a basis for strong financial management and control.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £35,720.78
Total Payments in the year: £30,229.63
Total Reserves at year-end: £66,498.72 (of which £48,143.32 are
Restricted CIL Funds/Earmarked Reserves)

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: £61,007</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £19,000</i>
<i>Total Other Receipts:</i>	<i>Box 3: £16,721</i>
<i>Staff Costs:</i>	<i>Box 4: £9,794</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £20,436</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £66,498</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £66,498</i>
<i>Total fixed assets:</i>	<i>Box 9: £46,100</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR are to be approved and signed/dated 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 in accordance with the Audit Plan. 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 11 May 2023. The first item of formal Parish Council business was the Election of a Chair, as required by the Local Government Act 1972. The meeting also nominated a Vice-Chair, Councillors to act as representatives of the Council and membership of the Personnel and Cemetery Committees. Mrs Caroline Emeny was also re-affirmed as the Council's RFO at the meeting on 11 May 2023 and bank signatories and internet banking authorisations confirmed and the Schedule of Annual Regular Payments approved.

2.2 The Powers Specifically Delegated to the Clerk/RFO was reviewed and approved by the Council at its meeting on 9 November 2023. A copy of the document listing the Powers has been published on the Council's website.

2.3 Standing Orders are in place were reviewed and approved by the Council on 14 March 2024. The Standing Orders reflect the latest model documents and guidance published by the National Association of Local Councils (NALC). A copy of the Standing Orders has been published on the Council's website.

2.4 Financial Regulations are also in place and were reviewed and approved by the Council at its meeting on 14 March 2024. A copy of the Regulations has been published on the Council's website. NALC has advised that its Model Financial Regulations are being updated and are shortly due to be published for consideration and adoption by local councils.

2.5 The Council continued to demonstrate effective community engagement in obtaining ideas and guidance from the local community relating to the development of the Parish Infrastructure Investment Plan (PIIP) and received regular updates from the Clerk/RFO on specific projects. A copy of the PIIP has been published on the Council's website with the date of next Review given as December 2024

2.6 The Council participates in the Diss and District Neighbourhood Plan (DDNP). Which has been approved by South Norfolk District Council.

2.7 The Minutes of the Council meetings are well presented and provide clear evidence of the decisions taken by the Council in the year. The Minutes are signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.8 The Council demonstrated good governance during the year by maintaining a standing agenda item for Statutory Business and General Governance issues. As part of the overall arrangements, the Terms of Reference for the Cemetery

Committee were reviewed and amended on 15 June 2023 and 13 July 2023 .and those for the Personnel Committee were reviewed and approved on 15 June 2023.

2.9 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller under Data Protection legislation (Registration ZA189657 refers, expiring 20 June 2024). The Council maintains and reviews a number of formal policies to assist compliance with the General Data Protection Regulations (GDPR) and Freedom of Information (Fol) legislation These include a Data Protection Policy and Document and Electronic Data Retention Policy (both reviewed and approved on 12 October 2023), a General Privacy Notice and the Consent Form, Fol Model Publication Scheme and Freedom of Information Request Form, all of which are published on the Council's website.

2.10 The Council adopted the Local Government Association (LGA) Councillor Code of Conduct at its meeting on 8 September 2022. The Code details the requirements and responsibilities placed upon each individual Councillor. At each meeting of the Council Councillors are reminded of their obligations under the Code of Conduct.

2.11 The Council demonstrates good practice through the adoption and regular, programmed review of its Policies, Procedures and Protocols. The Council has in place the following documents, all of which have been published on the Council's website:

Public Participation in Council Meetings Protocol
Filming, Videoing, Photography & Audio Recording at Council or Committee Meetings Protocol.

Complaints Procedure (reviewed and approved on 9 November 2023)

Dispensation Policy.

Disciplinary Procedure.

Grant Awarding Policy.

Health and Safety Policy (reviewed and approved on 12 October 2023)

Internet Banking Statement.

Lone Worker Policy.

Subject Access Request Policy.

2.12 The Council demonstrates good practice by publishing a Website Accessibility Statement in accordance with the website accessibility regulations. The Statement includes technical information about this website's accessibility. A Website Accessibility audit was agreed by the Council at its meeting on 15 June 2023.

2.13 The Clerk/RFO confirmed that all Councillors have available the generic e-mail address *palgrave@gmail.com* which have been listed on the Council's website.

2.14 At the meeting on 8 February 2024 the Council also agreed to set up a new domain name – *palgravepc.co.uk* - and an associated email address to be used for purposes of e-shot (the secure digital communication platform to run newsletters or notifications to individuals). This domain name would only be used for e-shot purposes.

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 is well referenced and facilitates an audit trail to the Bank Statements, the online payments documentation and financial information prepared by the Clerk/RFO. The supporting vouchers, invoices and receipts were examined on a sample basis and found to be in order.

3.2 Payments made under the Local Government Act 1972 Section 137 are tracked and identified in the Cashbook and within the End-of-Year Accounts. It should be noted that donations to advisory organisations (such as the Citizens Advice Bureau), can be made under Section 142 (2A) of the Act.

3.3 VAT payments are separately identified in the Cashbook Spreadsheet and reclaims for VAT paid is reclaimed from HMRC. A reclaim of £1,835.02 for the VAT paid in the period 1 September 2022 to 30 June 2023 was received at bank on 14 August 2023. Similarly, a reclaim of £1,428.73 for VAT paid in the period 1 July 2023 to 31 January 2024 was received at bank on 14 March 2024.

3.4 The Accounts to 31 March 2024 (as previously distributed) were presented to the Council on 11 April 2024 together with Actuals vs Budget final figures. The accounting statement to 31 March 2024 was approved by the Council and signed by the Chair.

3.5 The Clerk/RFO has constructed a Community Infrastructure Levy (CIL) Annual Report for the year 2023/24. The Report displays the CIL balance carried forward from the previous year at £39,711.34, a total amount of £4,954.88 received by the Council in the year of account and CIL spent (expenditure) of £1,522.90 in the year, giving a balance of £43,143.32 retained as at 31 March 2024 (held as a Restricted Reserve in the Accounts). The Report was approved by the Council on 11 April 2024 and signed by the Chairman. A copy of the Report has been published on the Council's website.

3.6 A Statement of 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 for publication on the Council's website.

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

4.1 The Clerk/RFO routinely presents financial reports to the Council which include bank reconciliations for the period just ended; these are approved and signed at the meeting in accordance with the Council's Financial Regulations. The approval is evidenced in the Council's Minutes.

4.2 The Unity Trust Bank Statements for the Current Account (£4,714.83) and the Unity Trust Savings Account (£61,783.89) both as at 31 March 2024, 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 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 Statement of Internal Control was considered and approved by the Council on 13 April 2023 and signed by the Chair (Minute 04.13.08 refers). The Statement was also approved by the Council on 11 April 2024 and signed by the Chair (Minute 03.14.08 a refers).

6.2 At the meeting on 12 October 2023 the Council noted that the internal audit checks by the nominated Councillor had taken place.

6.3 At the meeting on 14 March 2024 the Council considered and approved the Risk Assessment documents, the Internal Control arrangements and the effectiveness of the Internal Audit (Minute 03.14.08 a refers).

6.4 The Council accordingly complied with the Account and Audit Regulations 2015 which require a review, at least once during each year of account, by the Full Council of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

6.5 Insurance was in place for the year of account. The payment of £563.72 to AJG Insurance in respect of the annual insurance premium renewal was agreed by the Council at its meeting on 15 June 2023 as the final year of the 3-year long term agreement. The policy is provided by Hiscox and currently runs from 2 July 2023 to 1 July 2024. Employer's Liability cover and Public Liability cover each stand at £10m. Employee Dishonesty (Fidelity Guarantee) cover 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. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).

Precept 2023/24: £19,000 (12 January 2023, Minute 01.12.10f refers).

Precept 2024/25: £21,376 (4 January 2023, Minute 01.04.11d refers).

7.1 Budget variances were reviewed in an up-to-date financial document issued to Councillors prior to the Council meeting on 12 January 2023, when the precept for 2023/24 was approved at £19,000.

7.2 The Clerk/RFO presented the budget for the year 2024/25 at the Council's meeting on 4 January 2024. The Council agreed a Precept of £21,376, an increase from £48.33 to £53.14 (9.95%) on a Band D rated property on Council Tax bills.

7.3 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. Budget papers are prepared to ensure Councillors have sufficient information to make informed budgetary and precept decisions.

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 estimates were used effectively for financial control and budgetary control purposes. The Clerk/RFO presented detailed reports to the Council in the year comparing expenditure with budgeted amounts. At the Council's meeting on 4 January 2024 the latest financial report of Budget vs. Actual (as previously circulated) was reviewed in detail alongside the proposed Budget forecast for 24/25.

7.5 A Reserves Policy was reviewed and adopted by the Council on 9 March 2023. The Policy notes that guidance given in Proper Practices is that *'The generally accepted recommendation with regard to the appropriate minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE)'*.

7.6 The General Reserves were considered by the Council at its meeting on 14 March 2024.

7.7 As at the year-end, 31 March 2024, the Overall Reserves available to the Council were £66,498.72 of which £48,143.32 were earmarked/restricted, as follows:

Community Infrastructure Levy (CIL) Balance:	£43,143.32
Replacement Street Lighting:	£5,000.00

7.8 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) accordingly stood at £18,355.40 (85% or 10 months equivalent of the 2024/25 Precept) and are in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the JPAG Proper Practices Guide, Item 5.33 refers).

7.9 As at the 31 March 2024, the Council maintained sufficient overall reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

8.1 Receipts are reported to the Council by the Clerk/RFO and recorded in the Minutes of Council meetings. The Receipts totalling £33,720.78 recorded in the Cashbook Spreadsheet consisted of Precept (£19,000), Cemetery (£3,605), CIL Receipts (£4,954.88), VAT Refund from HMRC (£3,263.75), District Council Grants (£1,949), Bank Interest (£1,611.71) and Miscellaneous Income (£1,336.44).

8.2 The items recorded in the Cashbook Spreadsheet were cross referenced with the bank statements on a sample basis and were found to be in order.

8.3 At its meeting on 12 February 2022 the Cemetery Committee reviewed the Charging Structure as applied to the Cemetery. The Clerk/RFO produced a comparison chart which was reviewed by the Committee and Councillors agreed to leave the charges unchanged for the immediate future. The charges remained unchanged during the 2023/24 year of account.

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

9.1 No Petty Cash is held; an expenses system was in place during the year with online payments made in the year for expenses incurred.

9.2 At its meeting on 8 February 2024 the Council agreed to open a Unity Trust Multipay card for the Clerk/RFO to make ad hoc payments when required. There was a one-off set up fee of £50 with 30p fee per transaction. The Council agreed a limit of £500.

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

10.1 Payroll Services is operated in-house. The Council is registered with HMRC and regular PAYE payments have been made. A P60 End-of-Year Certificate for the Clerk/RFO was made available to Internal Audit.

10.2 The Council demonstrates good practice as an employer by maintaining a wide range of staffing Policies and Procedures, all of which have been published on the Council's website.

10.3 A Contract of Employment and Job Description are in place for the Clerk/RFO. Following the meeting of the Personnel Committee on 8 December 2022, an updated Contract of Employment was reviewed for signing by both parties, post meeting. The salary scale point was reviewed; the Committee agreed to increase the salary by one point to SCP 26 effective from 1 April 2023 for 10 hours per week. The Committee also agreed that the working from home allowance should be increased to £6 per week. At the Council's meeting on 8 December 2022 the Chair updated Councillors on the action taken by the Personnel Committee (Minute 12.08.13 refers).

10.4 With regard to the legislation in respect of workplace pensions, the Clerk/RFO confirmed that a re-declaration of compliance to the Pensions Regulator was made on 8 January 2022. (The re-declaration 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 The Register of Land and Property Assets was reviewed and agreed by the Council at its meeting on 14 March 2024. The Register displays a total value of £46,100 as at 31 March 2024, a net increase of £378 over the value of £45,722 at the end of the previous year (31 March 2023), reflecting the following:

The addition of:

Laptop Lenovo MS Windows 11 upgrade and software (£458)
Hi-Vis Jackets and waistcoats (£50)
Litter Pickers (£200)

The removal of:

Laptop – Lenovo B50-70 inc. MS Windows 10 upgrade (£250)
Software – MS Office Home & Student Edition (£80)

11.2 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The Register displays assets at original purchase cost or, where the original purchase price is unknown, a proxy value for the original cost that will remain unchanged until disposal. The value has been correctly placed in Box 9 of the AGAR 2023/24.

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 had satisfactory internal financial controls in place during the year of account. Councillors are provided with information to enable them to make informed decisions. The Clerk/RFO provides comprehensive financial reports to Council meetings The Monthly Schedule of Payments is approved by Council and signed by two nominated Councillors. The financial statements routinely presented by the Clerk/RFO to the Council display the up-to-date financial position with bank reconciliations which are approved by Council and signed by the nominated Councillor.

12.2 Electronic payments are in place; the continued use of internet banking was approved by the Council at its meeting on 11 May 2023, when the Council issued an Internet Banking Statement which has been published on the Council's website. The Clerk/RFO confirmed that:

- (a) under the Unity Trust Bank arrangements, the Clerk/RFO initiates the payment and 1 out of the 3 authorised signatories log in and approve the payment.
- (b) the bank statement is checked each month against the accounts spreadsheet and balances to confirm the correctness of the payment; an internet banking payment confirmation is not provided by Unity Bank.
- (c) Financial Regulations incorporate the internet banking arrangements in place and those procedures are being followed and an Internet Banking Statement which is regularly reviewed.

12.3 Details of receipts and payments are listed in the Council's published Minutes as part of the overall financial control framework.

12.4 The Internal Audit report for the previous year 2022/23 was dated 22 April 2023 and was received by the Council at its meeting on 11 May 2023. No matters of concern had been raised in the report.

12.5 The Council formally appointed the Internal Auditor for the year 2023/24 at its meeting on 14 March 2024.

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

13.1 The External Audit Report and Certificate for the year 2022/23 was completed by PKF Littlejohn LLP on 26 July 2023. The Report was received and noted by the Council at its meeting on 7 September 2023. The External Auditors raised no matters of concern.

13.2 For the year 2023/24 the Council will be required to have an External Audit (a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015) by PKF Littlejohn LLP because the higher of gross income or gross expenditure exceeded £25,000 in the year of account.

14. Publication Requirements.

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

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

14.2 The Internal Auditor was able to confirm that a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' document for the year 2022/23 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts and the Details of the person making the announcement. The AGAR Sections 1 and 2 had similarly been published on the Council's website:

<http://palgrave.onesuffolk.net/parish-council/finance/>

14.3 Following the completion of the External Audit:

Notice of Conclusion of Audit
AGAR - Section 3

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

<http://palgrave.onesuffolk.net/parish-council/finance/>

15. Additional Comments,

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

30 April 2024