

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

Clerk	Jenny Lloyd
RFO (if different)	
Chairperson	Verity Brown
Precept	£5,130.00
Income	£ 5,245.88
Expenditure	£ 5,550.68
General reserves	£ 8,732.13
Earmarked reserves	£ 6,512.00
Audit type	Internal – Annual
Auditor name	Karen Hall-Price

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		
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 excel spreadsheets to produce reports on a Receipts and Payments basis and ensures that the financial transactions of the parish council are as accurate as reasonably practicable. All transactions are well referenced and provide an effective tool for the basis of the council's internal controls The council uses a computerised cash book spreadsheet that is well maintained and accurate. The ledger and minutes clearly evidence the council is operating within its mandate.
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i> (under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)	Yes	The accounts are prepared on a receipts and payments basis.

Is the cash book up to date and regularly verified?	Yes	Council follows Proper Practices in ensuring to produce clear financial management information to the Council throughout the year which is referenced providing evidence to support the Council's underlying accounting statements.
Is the arithmetic correct?	Yes	Spot checks were made and all found to be in order and correct.
Additional comments:		

Section 2 – Financial Regulation and Standing Orders 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 seen on the Parish Council's website, were updated 15 th May 2023. Council's Orders, are based on the latest model published by the National Association of Local Councils (2018) and contain the provisions of the Model Councillor Code of Conduct as adopted by the Council. The Standing Orders are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the Parish Council. The procurement threshold amendments in section 18 are noted and linked but not written within the Standing Orders. <i>At the next review advised to include the wording within the Standing Orders in addition to the link to the briefing note.</i>
Are Financial Regulations up to date and reviewed annually?	Yes	Financial Regulations (FR), as seen on the Council's website show they were reviewed and updated on 15 th May 2023. They are based on the NALC Model Financial Regulations 2019 with provisions for the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21 st December 2022 and make the changes to the contract value limits from £25,000 to £30,000 for non-central government authorities should be included within the Financial Regulations and not just listed as a briefing link.

Has the Council properly tailored the Financial Regulations?	Yes	The 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 (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. This was reconfirmed by the review and update of the Financial Regulations at the meeting of the Parish Council on 15 th May 2023.
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.		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	A selection of expenditure items were made and cross-checked against the cash book, invoices and bank statements. At each full council meeting a list of payments is presented to ensure formal approval of expenditure and this is correctly minuted. This demonstrates good practice in that there are measures in place that help safeguard public money supported by a straight forward and clear audit trail for each payment.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet banking is operated in accordance with the Council's own Financial Regulations and online banking policy adopted on 15 th May 2023. Evidence is retained detailing all relevant information and are double initialled.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is identified in the cash book for the period covering the year 2023-2024 in the sum of £54.40 has not been submitted for claim at the time of audit. This reflects the year-end position and shows as not submitted for claim yet.

Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	The General Power of Competence has not been adopted by the Council.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	N/A	No payments were made during the year under review.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	The council has no such loans for the period under review.
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
<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. The Risk Register for was last reviewed at the meeting of 27 th March 2023. This should be reviewed again to ensure it falls within the current financial year
<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 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>	Yes	General Insurance is in place under an Ansvar Commercial Policy Schedule and shows core cover including Business Interruption, Public Liability and Employer's Liability of £10m. Fidelity Guarantee Cover is £25,000 which is within the recommended guidelines of the Council's balance at 31/3/23 + the annual precept. Council reviewed its current insurance cover and policy at the meeting of 25 th September 2023 but have not minuted the acceptance but rather request for further options. Best practice should see a report for acceptance of the insurance quote provided. The Insurance premium was put forward for payment and approved at the 27 th November meeting.

<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	At the meeting of 15 th May 2023 the council reviewed and approved the following Policies and Statutory Documents. All of which are available on the parish council website. a) Asset Register b) Code of Conduct Policy c) Financial Regulations Policy – updated d) Standing Orders Policy – update
<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>	Yes	The effectiveness of the internal audit was discussed at the 15 th May 2023 meeting. They also agreed at this meeting to appoint the internal auditor for the financial year 23-24 and agreed the Clerk continues as the RFO for the council.
Additional comments:		

Section 5 – Budgetary controls 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	The budget for 2023 / 2024 was discussed and considered at the meeting of 28 th November 2022 set and agreed at the full council meeting of 23 rd January 2023.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The Precept of £5,130 for the year under review was agreed at the full council meeting of 23 rd January 2023.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	The Council receives a financial report at each meeting and this is recorded in the minutes and available on the website.
<i>Reserves held – general and earmarked⁶</i>	Yes	Councils' year end accounts show general reserves in the sum of £2,220.13 with earmarked reserves in the sum of £6,512.00. A total of overall reserves at £8,732.13. No funds for CIL are currently being held at the year-end position.
Additional comments: Good practice in that recommended key stages of the budgetary process are as follows: <ul style="list-style-type: none"> decide the form and level of detail on the budget review the current year budget and spending assess levels of income 		

- *bring together spending and income plans*
- *provide for contingencies and consider the needs of reserves*
- *approve the budget*
- *confirm the precept*
- *review progress against the budget regularly throughout the year*

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
<i>Is income properly recorded and promptly banked?</i>	Yes	Expected income was received, properly recorded and promptly banked. Income is recorded in accordance with Council's Financial Regulations. A number of income items were cross checked against the cash book and bank statements and found to be in order.
<i>Is income reported to full council?</i>	Yes	All income received by the parish council is reported as part of the Financial Reports submitted.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The council received precept of £5,130 during the year under review. Comment: Evidence was provided showing a full audit trail from Precept being discussed and approved at the 23rd January 2023 meeting served on the Charging Authority East Suffolk Council to receipt of same in the Council's Bank Account on 28 th April 2023.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Yes	Council received no CIL funds during the year under review. In accordance with the 2010 Regulations, the Council having received a proportion of CIL funds previously has ensured that retained balances were transferred into the Earmarked Reserve specifically allocated. CIL reserves of £298.21 was spent in the financial year. Comment: Council have noted its duty to comply with the CIL Regulations to produce an annual report that details the amount of CIL funds received, spent and retained for each financial year until the funds are totally expended. Report for 2023-2024 is available on the parish council website and was viewed at the time of internal audit.
<i>Is CIL income reported to the council?</i>	Yes	
<i>Does unspent CIL income form part of earmarked reserves?</i>	N/A	
<i>Has an annual report been produced?</i>	Yes	
<i>Has it been published on the authority's website?</i>	Yes	
Additional comments:		

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
<i>Is petty cash in operation?</i>	N/A	No petty cash is held
<i>If appropriate, is there an adequate control system in place?</i>	N/A	
Additional comments:		

Section 8 – Payroll controls

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 31st March 2024. Employment contracts were not reviewed during the internal audit but All salary payments are authorised by full council. Clerk provided P60, qtlly P30's and payslips for purposes of the internal audit.
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	Yes	
		Comment: in accordance with Proper Practices, Council has ensured that the remuneration payable to all employees has been approved in advance by the Council.
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	The payroll function is operated in accordance with HM Revenue and Custom guidelines. P60 evidenced.
<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 was carried out and is operated in accordance with HM Revenue and Customs guidelines
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Yes	In line with their pension responsibilities the Council has completed a re-declaration of compliance with regards to automatic enrolment duties on 21 st January 2023 and recorded within the minutes of 25 th March 2024.

<i>Have pension re-declaration duties been carried out</i>	Yes	Reported by Clerk at the March 2024 meeting that the re-declaration was completed on 21 st January 2023. The re-declaration for the council should be January 2026.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All payments are reasonable and approved by full Council.
Additional comments:		

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 Council's assets are properly maintained and efficiently managed. The Asset Register was reviewed at the 27 th November 2023 meeting and accurately 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 (31.03.2024) was £7,752. The register has been updated.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	
<i>Are records of deeds, articles, land registry title number available?</i>	N/A - Not covered as part of this internal audit	£7,751 is correctly entered in Section 2, box 9 of the 23/24 AGAR. The asset register lists items under insurance that fall within the Council's remit for maintenance and ownership. The register states value as at the date of acquisition and where assets have been gifted or have an unknown value have been given an approximate value. The internal auditor noted the village hall was insured under a separate policy – This was provided for evidence to the internal auditor,
<i>Are copies of licences or leases available for assets sited at third party property?</i>	N/A	Not covered as part of this internal audit.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The Asset Register value has been stated on the Annual Governance and Accountability Return (AGAR) and was updated in November 2023 for the year under review.

<i>Cross checking of insurance cover</i>	Yes	The asset register was compared with the insurance schedule to ensure that all assets as recorded are appropriately insured. Insurance cover was deemed to be appropriate.
Additional comments:		

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	Bank reconciliations are included within the Financial Reports noted in the minutes for each meeting.
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with supporting period end statements and as at 31st March 2024 stand at: £8,746.13 the new account held by the Council. Accounts were transferred from Barclays to Lloyds within the financial year under review.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Bank balances are included within the financial reports received by the Council at each meeting. Bank account change to Lloyds Bank account effective from 22 nd February 2024.

Section 11 – year end procedures		
Evidence		Internal auditor commentary
Are appropriate accounting procedures used?	Yes	Accounting statements prepared during the year are produced on a Receipts and Payments basis and agree to the cashbook. All were found to be in order
Financial trail from records to presented accounts	Yes	There is a clear audit trail from the financial records held to the presented accounts.
Has the appropriate end of year AGAR ¹⁰ documents been completed?	Yes	As Council is a smaller authority with gross income and expenditure not exceeding £25,000 it has completed Part 2 of the AGAR.
Did the Council meet the exemption criteria and correctly declared itself exempt?	Yes	As the Parish Council had gross income and expenditure not exceeding £25,000 it was able to declare itself exempt from a limited assurance review. The Council approved the Certificate of Exemption at their meeting on 15/05/23, which was before the deadline of 30/6/2023. The Certificate has been published on the Council's website.
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?	Yes	The Internal Auditor was able to find the details of the arrangements for the exercise of public rights for the period ending 31st March 2023 from 3 rd June to 17 th July 2023.
Have the publication requirements been met in accordance with the Regulations? ¹¹	Yes	<p>The Council has complied with the requirements of the regulations for smaller authorities with income and expenditure not exceeding £25,000 and published the following on their public website.</p> <p>Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statement of the AGAR Section 3 – The Certificate of exemption Notice of the period for the exercise of public rights and other information required by Regulation 15 (2). Accounts and Audit Regulations 2015.</p>
Additional comments:		

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.

Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The Internal Auditor's Report for the year ending 31st March 2023 was considered and accepted at the meeting of the Parish Council on 24 th July 2023 and action points were considered at the July meeting.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	Internal Audit raised that the village hall insurance policy was not available at the 22-23 audit has been made available for the year under review 23-24
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	SALC were appointed the Council's Internal Auditor at a meeting of full Council on 15 th May 2023
Additional comments:		

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 Council declared itself exempt from an external audit for the financial year 2022-2023
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	
Additional comments:		

Section 14 – additional information

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		Internal auditor commentary
Was the annual meeting held in accordance with legislation? ¹³	Yes	The Annual Meeting of the Parish Council was held on May 2023 with the first item on the agenda being the election of the Chairman in accordance with the Local Government Act of 1972 Schedule 12, paragraph 7(2) and Schedule 15(2).
Is there evidence that Minutes are administered in accordance with legislation? ¹⁴	Yes	The Council's minutes are well presented and provide clear evidence of the decisions taken by the Council during the year. The minutes were not seen as a virtual audit was carried out. Full Council minutes clearly document the approval of the previous minutes and that they are duly signed. Apologies for absence were received and accepted (if appropriate) - Best practice and consistency should be recorded as received and accepted at every meeting.
Is there a list of members' interests held?	Yes	Members interests are listed on the District Council's website with a link available on the parish council website.
Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?	N/A	The Council does not have any Trustee responsibilities.
Has the Transparency Code been correctly applied, and information published in accordance with current legislation?	Yes	To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), Council is aware that the following should be published on a public website for the year 2023/24 not later than 1 July: 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
Has the Council registered with the Information Commissioner's Office (ICO)? ¹⁵	Yes	The Council is registered with the Information Commissioner's Office (ICO) as a Data Controller. Under the data Protection Act 2018 and Registration ZA419666 refers expiry date of 20/06/24
Is the Council compliant with the General Data Protection Regulation requirements?	Yes	The Council has taken steps to ensure compliancy – evidenced as follows: Access statement Data Protection & Information Management Policy

		Subject Access Request Data Protection Policy Freedom of Information Code of Conduct LGA Standards
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	Yes	Council has published on its website a website accessibility statement - Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No2) Accessibility Regulations 2018
<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	In line with the Practitioners Guide, the Council has an official email address for correspondence: clerk@bromeswellparishcouncil.gov.uk . It is not clear if Cllrs have official email addresses but the clerks email has changed to a gov.uk email address at the time of the audit.
<i>Is there evidence that electronic files are backed up?</i>	Yes	Confirmed as part of the internal audit that files are backed up onto both a data stick and cloud based system.
<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.
Additional comments:		

Signed: *Karen Hall-Price*

Date of Internal Audit Visit: N/A

Date of Internal Audit Report: 24th May 2024

On behalf of Suffolk Association of Local Councils