

Internal Audit Report for Easton Parish Council for the year ending 31st March 2022

Clerk	Alison Bramall
RFO (if different)	
Chairperson	Sue Piggott
Precept	£ 9,378.73
Income	£ 13,508.18
Expenditure	£ 16,319.54
General reserves	£ 3,207.22
Earmarked reserves	£ 59,311.12
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 2020/21 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 an excel spreadsheet 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.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The Responsible Financial Officer (RFO) has continued to ensure that the cashbook is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.
<i>Is the arithmetic correct?</i>	Yes	A number of spot checks were carried out and the following is found: The RFO has allocated the Local Tax Base Grant of £21.00 within the column headed Precept. <i>Comment: this error should be corrected as it has impacted on the accounting Statements as produced – Box 2 and 3 of the Annual Governance and Accountability Return.</i>
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 Council’s Orders are based on the Model Standing Orders produced by NALC in 2018 (amended 2020) which take into account changes in legislation since those produced in 2013. <i>Comment: to ensure clarity with regards to Annual Reviews, Council might wish to incorporate a review date within the document.</i>

Are Financial Regulations up to date and reviewed annually?	Yes	The Council's Financial Regulations are based on the Model Standing Orders produced by NALC in 2019.
Has the Council properly tailored the Financial Regulations?	No	The Council's Financial Regulations have not been tailored to the Parish Council. Recommendation: Council, at the next annual review is advised to ensure that its Regulations are tailored to the Council by completing the sections within the [square] brackets and ensuring that all values are appropriate to the Council in terms of procurement and budgets.
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: <i>Council might wish to note that LTN87 – Procurement - has provided an update on the thresholds for procuring contracts. The amended values should be incorporated into the Council's Standing Orders and Financial Regulations at the next annual review.</i>		

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?	Partly met * see Section 14 below	At each relevant full Council Meeting a list of all payments is presented to the meeting with formal approval of such expenditure being shown in the financial statements submitted at each meeting and evidence of such paperwork in the files submitted for internal audit.

¹ Section 151 Local Government Act 1972 (d)

		<p><i>Comment: Council should be aware that in accordance with the repeal of the Coronavirus Act 2020 legislation all meetings held after 7th May 2021 should have been held in person. Payments made away from such meetings should have been brought back to full Council as retrospective payments and approved at the next meeting at which Councillors were physically present.</i></p> <p>Recommendation: see comment under Section 14 for the retrospective approval of all financial transactions taken at meetings at which Councillors were not present. This will cover meetings of: 14th June, 15th July, 2nd September, 30th September 2021; 24th January and 31st March 2022.</p>
Where applicable, are internet banking transactions properly recorded and approved?	Partly met * see Section 14 below	<p>Internet banking is operated by the Council. The internal audit report for the year ending 31st March 2021 states that “On-line banking commenced at the end of March 2021. The Clerk/RFO is the system administrator who initiates payments which are then authorised electronically by a Councillor. The Clerk/RFO confirmed that all invoices/vouchers for payment are presented for authorisation at each Council meeting as part of the overall financial control framework.”</p> <p><i>Comment: it is assumed, from the invoices seen, that Council’s release of payments in the main follows its own Financial Regulations 6.4; 6.6 & 6.9 for the authorisation of payments and that Council retains a dual authorisation system. It is however noted that there is no mention within the Council’s risk assessment to the settlement of council’s debts via internet banking.</i></p>
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	<p>VAT is identified within the cashbook and claimed in accordance with the guidelines for local authorities and similar bodies. The year-end position of £1,766.01 was seen and verified against entries in the cashbook. During the year, the claim for the year ending 31st March 2021 in the sum of £1,826.74 was settled and accounted for within the cashbook.</p>
Has the Council adopted the General Power of Competence (GPOC)? ²	<i>Not applicable</i>	<p>Council does not use the General Power of Competence.</p>

² Localism Act

Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	<i>Not applicable</i>	There were no payments made under this power for the year under review.
Where applicable, are payments of interest in respect of loans paid in accordance with agreements?	<i>Not applicable</i>	Council has no such loans.
<p>Additional comments: Council should be aware that NALC’s guidance over repealed Section 150(5) of the Local Government Act 1972, is that Councils must not relinquish the ‘two-member signatures’ control over cheques and other orders for payment until they have put in place safe and efficient arrangements. Guidance from the NALC Finance and Audit Advisor has been that the over-riding requirement resulting from the abolition of S150 (5) is that each and every local council seeking to depart from the two-signature rule must “implement and maintain robust controls on expenditure as an integrated part of their overall financial control system”. Council should note that whilst it is not a requirement that two people authorise electronic payments, council should consider the appropriate systems, procedures and controls available by banking providers and follow its own Financial Regulations.</p>		

<p>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.</p>		
Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	<i>Partly met</i>	The risk assessment documentation submitted for Internal Audit 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. <i>Comment: Whilst it is acknowledged that the documentation submitted for internal audit was reviewed during the year, the Financial Risk Management Documentation is undated. Council might wish to consider adding a review date to the document which will demonstrate that, in accordance with Proper Practices, the risks are annual reviewed, assessed and appropriate measures are in place to protect public money.</i>
<i>Is there evidence that risks are being identified and managed?</i>	<i>Partly met</i>	Council is aware that risk assessment should focus not only on the safety of the parish council’s assets but also its money. Overall, the documentation

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 £8.41 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

		<p>shows that the parish council is taking action to identify and assess the risks associated with its operation and considered what actions or decisions it needs to take during the year in order to mitigate and manage the risk.</p> <p>Recommendation: Council's documentation as submitted requires expansion to cover It is also noted that Council has not expanded its documentation to cover the risks associated with non-registration with the ICO and non-compliance with the General Data Protection Regulations (GDPR).</p>
<p><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></p>	<p>Yes</p>	<p>Council has insurance in place under a Local Council Policy which shows core cover for the following: Public liability: £10m; Public/Products Liability: £10m; Business Interruption: £10k, and Fidelity Guarantee of £150k. The level of Fidelity Guarantee is within the recommended guidelines which provides that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.</p> <p>At its meeting of 15th November 2021, the minutes reflect that the Council had carried out an annual review of the insurance cover required and that the Chair had obtained a new quotation and took out an option to secure a fixed price for the next three years at a reduced rate. Cover was deemed to be in place for all known risks and assets under the Council's remit.</p>
<p><i>Evidence that internal controls are documented and regularly reviewed⁴</i></p>	<p>No</p>	<p>There is no minute to demonstrate that Council, in accordance with the Accounts and Audit Regulations 2015, formally reviewed the effectiveness of its system of internal control to ensure that it has mitigation measures on place to address the risks associated with the management of public finances during the year under review.</p> <p>Recommendation: Council should note the requirement, under the Accounts and Audit Regulations 2015, to have in place safe and efficient arrangements to safeguard public money. Council should take steps to ensure that it reviews its arrangements to protect public money during the coming year and minutes that such a review has taken place. An Internal Control Statement (model templates are available from SALC) would provide the basis for such an assertion. As there is no reference to online banking for the use of the settlement of</p>

⁴ Accounts and Audit Regulations

		accounts within the Council’s overall Risk Assessment documentation, Council should consider ensuring that it has a clear procedure for the way in which it operates with regards to the operation of its online accounts and that this is covered within the Internal Control Statement.
<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>	No	The effectiveness of internal audit was not reviewed during the year. Recommendation: If Council were to adopt an Internal Control Statement this could be expanded to include the review of the effectiveness of internal audit thereby ensuring that by reviewing the terms of reference and effectiveness for internal audit, the council would follow guidance and demonstrate that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.
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 and clearly minuted</i>	Yes	The budget for the year 2020–2021 in the sum of £9,942.80 was set at the meeting of 28 th January 2021.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept was set at £9,378.73 at the same meeting with the minutes confirming that this was the same as that set for the year 20/21 which was a nil increase over the previous year.
<i>Regular reporting of expenditure and variances from budget</i>	Partly met * see Section 14 below	Council continues with the practice of ensuring that its financial reports submitted at each meeting show current bank balances along with items of expenditure to be approved along with aggregate receipts and payments and variance against budget.

⁵ Practitioners Guide

<i>Reserves held – general and earmarked⁶</i>	Yes	Council’s final accounts show general reserves in the sum of £3,207.22 with earmarked reserves at £52,353.31 and restricted £6,957.81.
<p>Recommendation: Council should be mindful of the 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 and should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. 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).</p>		

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	Income is recorded in accordance with Council’s Financial Regulations. A number of items of income were cross checked against the monthly financial statements submitted to each relevant meeting and the bank statements and found to be in order.
<i>Is income reported to full council?</i>	Partly met * see Section 14 below	Income received is reported to full Council and included within the RFO’s Financial Report as submitted at each relevant meeting. The RFO ensures that monies received are promptly banked.
<i>Does the precept recorded agree to the Council Tax Authority’s notification?</i>	Yes	The council received precept of £9,399.73 during the year under review in April 2021. Evidence was provided showing the Precept being discussed and approved at the meeting of 28 th January 2021, the form being served on the Charging Authority to receipt of same in the Council’s Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Yes	Council received CIL receipts in the sum of £2,208.45 during the year under review.

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

⁷ Community Infrastructure Levy Regulations 2010

<i>Is CIL income reported to the council?</i>	Partly met * see Section 14 below	CIL payments received were reported within the detailed financial reports submitted by the RFO to Council at each relevant meeting.
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	The RFO has ensured that the retained balance of £50,502.46 is transferred into in an Earmarked Reserve specifically allocated, in accordance with the Regulations.
<i>Has an annual report been produced?</i>	Yes	Council has approved the Annual CIL Statement showing retained balances.
<i>Has it been published on the authority's website?</i>	To be completed	The Annual CIL Statement for the year 2021 - 2022 has not yet been uploaded onto the Council's website.
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>	<i>Not covered</i>	Council does not operate a petty cash system.
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. If the Clerk was recruited after 1 st April 2011, evidence will be required to show compliance with the new requirements for the statement of employment, Induction, probation periods and training requirements. 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 2021. Employment contracts were not reviewed during the internal audit which was carried out via remote means.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are authorised by full council.
<i>Minimum wage paid?</i>	Yes	The minimum wage is applied to one employee.
<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	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 is operated in accordance with HM Revenue and Custom guidelines and outsourced. Cross-checks were completed on payments covering salary and found to be in order. There were no deductions due to be paid to HM Revenue and Customs during the year under review.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	<i>Unclear</i>	Evidence to demonstrate that Council is aware of its pension responsibilities is still to be received. Council should be aware that under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. This is called 'automatic enrolment' and details can be found at: www.thepensionsregulator.gov.uk The link below will also provide further details of Council's obligations as an employer: https://www.thepensionsregulator.gov.uk/en/employers Council should also note that every three years an employer must put certain staff back into a pension scheme. This is known as 're-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 re-declaration of compliance.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All expenses / payments made are against itemised invoices submitted to and approved by the Finance full Council.
Additional comments:		

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

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 was reviewed during the Internal Audit Visit for year-end and reflects those items listed within the Parish Council's remit for maintenance and ownership.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	It is noted that the declared value for all assets at year-end (31 st March 2022) is £29,375.35 with listed additions as Village Green Posts and Dog Bins.
<i>Are records of deeds, articles, land registry title number available?</i>	Not covered	Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The asset register shows a value of £29,375.35 which currently does not agree with the value declared on the Draft Accounting Statements for the year ending 31 st March 2022 (£29,213). Comment: the RFO is advised to revisit the figure shown at Box 9 of the Draft Accounting Statements noting that the Practitioners' Guide stated that the value of the cell at Line 9 should be taken from the authority's asset register which is up-to-date at 31 March and includes all acquisition and disposal transactions recorded in the cash-book during the year.
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under a Local Council's Insurance Policy for assets as specified on its insurance schedule.
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.		

⁹ Practitioners Guide

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 completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports submitted at each meeting.
<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 2022), the balance across the councils accounts stood at £62,518.34 as recorded in the Draft Accounting Statements and on the Year-end Bank Reconciliation.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Partly met * see Section 14 below	Financial reports detailing bank balances are submitted to the Council which also cover a summary of receipts and payments for the year to date. The minutes show that bank reconciliations are received and accepted at each meeting.
Additional comments:		

Section 11 – year end procedures		
Evidence		Internal auditor commentary
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and expenditure basis, and all found to be in order.
<i>Financial trail from records to presented accounts</i>	<i>Partly met</i>	The end of year accounts were adequately presented for the internal auditor review although errors on the AGAR will need to be corrected.
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	<i>Partly met</i>	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 Form 2. The Exemption Certificate for the year

¹⁰ Annual Governance & Accountability Return (AGAR)

		<p>ending 31st March 2022 was signed at the meeting of 16th May 2022. Sections 1 and 2 are still to be approved by full Council.</p> <p><i>Comment: Council should ensure that all Boxes of Section 2 Accounting Statements are accurately filled and that none are left blank. Currently Boxes 8 and 10 for both years and Box 5 for 2022 have not been completed.</i></p> <p>Recommendation: prior to submission to full Council, the AGAR should be revisited, and amendments made to BOX 2 and Box 3 for the year 31 March 2022. Box 2 should only contain the sums received as part of the Precept and not the Tax Grant of £21 received from East Suffolk for the year ending 31st March 2022. This latter sum should be included in Box 3 – Other Receipts. Amendments will also be required to Box 6, 7 and 8 for the year ending 31 March 2021 in accordance with instruction from the External Auditor – see section 13 below.</p>
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	<i>Not applicable</i>	The Parish Council had gross income and expenditure exceeding £25,000 but not exceeding £6.5million and was not able to declare itself exempt from a limited assurance review for the year 20-21.
<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>	Yes	The Internal Auditor is able to confirm that the period for the exercise of public rights for the year under review was in accordance with Regulation 15 of the Accounts and Audit Regulations 2015. Dates set were 24 th June to 28 th July 2021.
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	<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 31 March 2021 and published the following on a public website:</p> <p>Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Section 3 – External Auditor Report and Certificate of the AGAR Notice of the period for the exercise of public rights Notice of conclusion of audit</p>

¹¹ Accounts and Audit Regulations 2015

		<i>Comment: Council should note that it is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.</i>
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	A review of the findings contained within the Annual Audit Report was presented to and considered by full Council at its meeting of 15 th July 2021.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Partly met	The following recommendations were contained within the report for the year ending 31 st March 2021 – those in bold are outstanding: <ol style="list-style-type: none"> 1. Register with ICO 2. Review of risk assessment documentation to include: <ol style="list-style-type: none"> a) An item identifying the risks associated with non-registration with the ICO and any non-compliance with the General Data Protection Regulations and the actions in place to mitigate the risks involved. (b) Removal of references to LCPAS as necessary 3. Increase the level of the Fidelity (Employee/Councillor Dishonesty) insurance cover in order to ensure adequate protection of Council’s overall financial resources and to meet the current recommended guidelines 4. The Report and Certificate from the External Auditors should always be presented to the Council, noted/agreed as necessary and a Minute recorded to evidence the receipt of the Report.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	No	There is no minute confirming the appointment of Suffolk Association of Local Councils. At the meeting of 24 th January 2022, Mr Trevor Brown was appointed as the Internal Auditor for the year ending 31 st March 2022.

		<p>Recommendation: a) as per the Practitioner’s Guide, Council should note that every authority should ensure that they confirm receipt and approve the letter of engagement for the procurement of an internal auditor, b) see comment regarding the legality of meetings held via the Zoom Videoconferencing Platform under Section 14 - Meetings</p>
<p>Recommendation: following the completion of the internal audit, Council should be aware that if it receives a report from the internal auditor, it should consider the matters included in this report and decide what action it needs to take to prevent recurrence of the issues raised. Internal audit reports should inform the council’s response to Assertions 2 and 6 of the Annual Governance Statement. As the internal audit report identified areas for development, Council should ensure that it produces an action plan with proposed remedial actions and that the plan identifies the people responsible for delivering improvement and the deadlines for completion of the action.</p>		

<p>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.</p>		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?¹²</i>	Yes	At the meeting of full Council of 30 th September 2021, Council considered the report from the External Auditor for the year ending 31 st March 2021. It was confirmed that the conclusion of the audit had been advertised on the website.
<i>Has appropriate action been taken regarding the comments raised?</i>	No	The following matters were raised by the external auditor: The AGAR has not been approved in accordance with the Accounts and Audit Regulations 2015: <ul style="list-style-type: none"> • Section 2 was not signed by the Responsible Finance Officer before approval. • The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year’s AGAR:

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.

		<ul style="list-style-type: none"> Bank charges not yet included as at the year-end have been incorrectly included as items of expenditure and as reconciling items in the bank reconciliation. The figures in Section 2, Boxes 6, 7 and 8 should read £6,206, £65,330 and £65,330 respectively. The smaller authority has not provided an adequate explanation for the variance between the prior and current year values in Box 4 and 6 of Section 2
<p>Recommendation: following the completion of the external audit, Council should be aware that if it receives a report from the external auditor, it should consider the matters included in this report and decide what action it needs to take to prevent recurrence of the issues raised. External as well as internal audit reports should inform the council’s response to Assertions 2 and 6 of the Annual Governance Statement. As the external auditor has given explicit instructions as to the completion of Boxes 6, 7 and 8 for the year ending 31st March 2021, Council is advised to ensure those figures are used on the AGAR to be submitted and approved by full Council.</p>		

<p>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.</p>		
<p>Evidence</p>		<p><i>Internal auditor commentary</i></p>
<p><i>Was the annual meeting held in accordance with legislation?</i>¹³ (Note to auditor- emergency Regulations because of the COVID-19 pandemic)¹⁴</p>	<p>Yes</p>	<p>Council held its Annual Meeting of the Parish Council at which the Chair and other Officers were elected on 4th May 2021 via the Zoom Videoconferencing Platform.</p>
<p><i>Were meetings held in accordance with legislation after 7th May 2021</i></p>	<p>No</p>	<p>Council should be aware that in accordance with the repeal of the Coronavirus Act 2020 legislation all meetings held after 7th May 2021 should have been held in person. It is noted that the meetings held on the following dates were via remote means: 14th June, 15th July, 2nd September, 30th September 2021; 24th January and 31st March 2022. Recommendation: as none of the Councillors were present in person at the above meetings, Council is reminded of the provisions of the</p>

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

¹⁴ The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

		<p>1972 Act which requires a Councillor to vote in person and that they cannot do so by post, proxy, teleconference or skype. Legislation states that if a vote is taken it must be by a show of hands or as prescribed by standing orders. Council is recommended to review all decisions taken at all meetings held via remote means after 7th May and bring them back to full Council for formal ratification.</p> <p>As a result of the judgment, issued on 28 April 2021 by the High Court, remote meetings could not take place in England after 6 May 2021. References to a meeting are “open to the public” or “held in public” in the Court’s view mean the physical attendance by the public. As this was a clear legal judgment, NALC’s view was that existing legislation did not permit councils to hold remote meetings and any practical solutions must not circumvent the law.</p>
<p><i>Is there evidence that Minutes are administered in accordance with legislation? ¹⁵</i></p>	<p><i>Unclear</i></p>	<p>Council is reminded that minutes become legal once they are approved by the council and should be signed by the chairman of that meeting as an accurate record. Loose leaf minutes should be numbered consecutively and signed by the Chair of the meeting on each page in accordance with paragraph 41(2) of Schedule 12 to the Local Government Act 1972.</p> <p><i>Comment: minutes on the website of 30th September are headed up “DRAFT”. Council is recommended to review its own Standing Order on the treatment of draft minutes. It is also unclear from the minutes on the Council’s website as to whether minutes are in fact signed at the meeting – all minutes merely show that the Council approves the minutes from meetings held. This is in contravention of Council’s own mitigation measures as identified in its Risk Assessment.</i></p> <p>Council’s minutes show apologies received, (where applicable), there is no formal record to show that Council has approved the apologies submitted.</p> <p>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</p>

¹⁵ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		<p>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.</p> <p>NALC LTN 5 provides further clarity on this matter including the good practice of seeking approval for an apology in writing.</p>
<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the website of East Suffolk Council for the Register of Interests for all current Parish Councillors. There is no access gained from the Council's website.
<i>Does the Council have any Trustee responsibilities?</i>	None	
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Partly met	<p>Council should be aware that with gross income and expenditure under £25,000 it will be required to follow the Local Government Transparency Code 2014 for smaller authorities. Council should ensure that the following are published on a public website in accordance with the dates prescribed by the relevant regulations (not later than 1 July):</p> <ul style="list-style-type: none"> 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 <p>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</p>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁶</i>	No	The council is not registered with the ICO as a Data Controller in accordance with legislation. Council should be aware that under the Data Protection Act 1998, every organisation that processes personal information has to register with the Information Commissioner's Office (ICO), unless they are exempt. As a public authority, the Parish Council

¹⁶ Data Protection Act 2018

		<p>must register with the ICO as a "Data Controller" given the data that it processes (for example: employee personal data (past and present)). Recommendation: as this is an outstanding audit point from last year, Council should seek to address this issue in a timely manner. For further information: https://ico.org.uk/for-organisations/data-protection-fee/.</p>
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	No	<p>As identified in the previous year's audit, Council should take steps to ensure compliancy with the requirements. Recommendation: to be fully compliant with the General Data Protection Regulation requirements Council should adopt and publish the following policies on their website: Data Protection Policy which would detail the framework that the public can expect for the handling of 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; Data Retention Policy which will detail the periods for which documentation will be held along with the methods of disposal as well as procedures for dealing with subject access; freedom of information requests and procedures for dealing with data breaches. Templates are available from the SALC website.</p>
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁷</i>	Yes	<p>There is a website accessibility statement available to view on the parish council website which details the technical information for the website are given along with the methods used for testing the website; steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.</p>
<i>Does the council have official email addresses for correspondence?¹⁸</i>	Yes	<p>Council has an email address which is not connected to a personal email account and owned by Council itself. <i>Comment: Council might wish to consider the use of a secure e-mail system with a gov.uk address thereby identifying that it has local government status and demonstrating authenticity when building trust and</i></p>

¹⁷ Website Accessibility Regulations 2018

¹⁸ Practitioners Guide

		<i>credibility with the public. Such an address would be owned by the parish council (section 5.16 of the Practitioners' Guide to Proper Practices – March 2021) refers.</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council has in place a system whereby its files are backed up on an electronic media.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Not applicable	

Signed: Victoria Waples

Date of Internal Audit Visit: 21.06.22 & 26.06.22

Date of Internal Audit Report: 26.06.22

On behalf of Suffolk Association of Local Councils