

Report to Kessingland Parish Council

End-of-Year Internal Audit of the Accounts: Year ending 31 March 2020

1. Introduction and Summary.

1.1 During the 2019/20 year the Council faced significant administrative challenges following a number of staffing changes in the key post of Clerk/Responsible Financial Officer (RFO). These changes impacted heavily upon the efficiency of financial administration and control exercised by the Council at various times in the financial year. The current Clerk/RFO, Mr Neil Coleby, was appointed in December 2019 and is currently working to re-establish a high standard of accounting as well as effective financial and management control.

1.2 On 27 February 2020 the Internal Auditor discussed and agreed with the Clerk/RFO the outstanding tasks relating to the accounts and the financial administration and control issues that were required to be addressed before the year end of 31 March 2020. Following the easing of the Government's restrictions relating to the pandemic, the Internal Auditor visited the Council's Offices on 21 July 2020 to complete the Internal Audit for the year 2019/20.

1.3 The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and that published on the Council's website, has confirmed that the Council's financial control arrangements are improving significantly. There were periods of time during the 2019/20 year when the high standard of financial control normally exercised by the Council was not maintained. The current Clerk/RFO confirmed that this coincided with a succession of events including the resignation of Councillors during the year, the sickness and resignation of Ms Donna Lee, the Clerk/RFO, in August 2019, who was succeeded by a Temporary Clerk/RFO and then an Acting Clerk/RFO, the resignation of the Councillor who had been the Acting Clerk and the resignation of the newly appointed RFO.

1.4 However, following his appointment as Clerk in December 2019 (and his subsequent appointment as RFO), Mr Coleby has worked energetically to achieve a step-change improvement and has regained a satisfactory overall level of financial control within the Council. This included the essential uploading of the 2019/20 financial information onto the Rialtas Accounting System in order to obtain the vital control over financial transactions, including necessary bank reconciliations, and to achieve a far higher level of financial control than that secured earlier in the year of account.

1.5 By examination of the 2019/20 End-of-Year accounts and supporting documentation it was confirmed that the current Clerk, in the role as the Council's RFO, is satisfactorily undertaking the administration of the Council's financial affairs and is producing satisfactory financial management information to enable the Council to make well-informed decisions.

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1.6 The Accounts for the year confirm the following:

Total Receipts for the year: £136,608.19
Total Payments in the year: £144,958.94
Total Reserves at year-end: £200,783.15

1.7 The Draft 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 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2019):</i>	<i>Box 1: £209,134</i>
<i>Annual Precept 2019/20:</i>	<i>Box 2: £116,837</i>
<i>Total Other Receipts:</i>	<i>Box 3: £19,771</i>
<i>Staff Costs:</i>	<i>Box 4: £62,598</i>
<i>Loan interest:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £82,361</i>
<i>Balances carried forward (31 March 2020):</i>	<i>Box 7: £200,783</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £200,783</i>
<i>Total fixed assets:</i>	<i>Box 9: £325,347</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.8 Sections One and Two of the AGAR were approved by the Council at the meeting held on 10 June 2020. The Internal Auditor has completed the Annual Internal Audit Report 2019/20 within the AGAR.

1.9 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. All documentation was well presented for the Internal Audit review. 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 Council's Standing Orders were reviewed and updated by the Council at the meeting held on 11 April 2018 (Minute 10 refers). New Model Standing Orders were published by the National Association of Local Councils (NALC) in 2018 and provided up-to-date material including 'Responsibilities to Provide Information' and 'Responsibilities under Data Protection Legislation'. The new Model Standing Orders were considered and adopted by the Council at its meeting on 11 March 2020 (Minute 8.1 refers).

2.2 Financial Regulations were reviewed and approved by the Council at the meeting on 12 June 2019 (Minute 9 refers). NALC issued new Model Financial Regulations in August 2019. An up-dated version of Financial Regulations, reflecting the new model document and the Council's own changes in structure and operation, was presented to the Council on 11 March 2020 and was accepted and adopted (Minute 7.3 refers).

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2.3 The Council resolved to apply the General Power of Competence (GPOC) at its meeting on 15 May 2019. The Council declared at that time that it was an eligible Council to use GPOC, having at least two-thirds elected Councillors and a suitably qualified Clerk, and adoption of the Power was agreed (Minute 16 refers).

2.4 The Membership and Terms of Reference for the Council's Working Groups for 2019/20 were approved by the Council at its meeting on 15 May 2019 (Minutes 7 and 8 refer). The Membership was reviewed, and revisions and additions made by the Council, as required, at the meetings on 11 December 2019 (Minute 6b refers) and 12 February 2020 (Minute 8.1 refers).

2.5 At its meeting on 10 July 2019 the Council resolved to establish a new Planning Committee and agreed the Terms of Reference (Minute 8 refers). As part of the overall governance arrangements, the Council agreed at its meeting on 11 December 2019 (Minute 6a refers) that Working Groups would revert to Committees (as from 1 April 2020) in order to enable Chairpersons to have a budget, members of the public to attend the meetings and Agendas and Minutes to be publicly available.

2.6 The new structure was reviewed by the Council at its meeting on 11 March 2020 (Minute 8.2) and the following Committees were agreed:

- Leisure & Amenities Committee
- Planning Committee
- Finance and Governance Committee
- Personnel Committee

The Highways and Footpaths Working Group would remain. Terms of Reference and membership of the Committees and the Working Group were agreed. The Council also maintains four other Working Groups in respect of Heritage, Health and Safety, Events and Emergency Planning.

2.7 The Council demonstrated good practice by adopting, at its meeting on 13 February 2019, a Community Engagement Policy which sets out how the local community is kept informed and is able to contribute to the activities and decision-making of the Council. An Action Plan was subsequently produced outlining key initiatives for promoting community engagement and support. At its meeting on 10 July 2019 the Council approved the Community Engagement Action Plan and the actions detailed within it and referred the Plan to the newly formed Events Working Group for implementation (Minute 10 refers).

2.8 The Council declared a Climate Change Emergency at its meeting on 10 July 2019 and resolved to work with other external organisations in order to become carbon neutral by 2030 (Minute 14 refers).

2.9 At the meeting held on 15 May 2019 the Council formally re-appointed the Clerk to the Council, Ms. Donna Lee, as the Council's Responsible Finance Officer (RFO) (Minute 14 refers). The Council received and accepted Ms Lee's resignation at its meeting on 11 September 2019 (Minute 3 refers). Assistance was subsequently obtained from the Suffolk Association of Local Councils (SALC) leading to the Council formally appointing a Temporary Clerk (Andrea Downes) and a Temporary RFO (Karen Forster) at its meeting on 9 October 2019 (Minutes 2 and 3 refer). The

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Minutes of the Council meetings held on 13 November 2019 and 11 December 2019 record that an Acting Clerk and RFO, Janine Sapwell, was in attendance.

2.10 The Minutes of the meeting of the Council on 15 January 2020 record that Janine Sapwell had tendered her resignation just before Christmas 2019 and would leave her post on the 21st January 2020 (Minute 5.1 refers) The current Clerk/RFO, Mr Neil Coleby, was in attendance at the meeting, having been appointed as Clerk in December 2019. Following the resignation of the then RFO in post, Mr Coleby was subsequently appointed as the Council's permanent RFO.

2.11 At its meeting on 11 March 2020 the Council noted that the Personnel Committee, under delegated powers, had appointed Mrs Shelley Hogg as Assistant Parish Clerk with effect from 23 March 2020 (Minute 12.1 refers).

2.12 The Council's Minutes were normally well presented in the year of account and provided clear evidence of the decisions taken by the Council in the year. However, it is considered that the Minutes of the Council meeting on 15 January 2020 were too brief to enable residents and local taxpayers to view the Council's decisions in any context and failed to provide the transparency expected. However, the Minutes of the later meetings held on 12 February 2020, 11 March 2020, 16 March 2020 and 10 June 2020 were very well presented and provide clear evidence of the decisions taken by the Council.

2.13 During the year 2019/20, a Report by the Council's Temporary RFO, Karen Forster, provided comments and observations upon a wide range of issues regarding the financial systems operating at the time. The current Clerk/RFO has examined the Report and has addressed many of the points raised.

2.14 The Clerk/RFO has confirmed to Internal Audit that a Co-Option to the Council took place on 11 December 2019 without a Proposer and Seconder and with a vote taken in closed session. The Clerk/RFO advised that he will be reviewing the Council's procedures regarding Co-Option to the Council in order to ensure that the formal procedure is fair and equitable and that full transparency is maintained at all times in the process.

2.15 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA287505, expiring 16 October 2020). There is currently no legal requirement for a local council to appoint a Data Protection Officer (DPO) and the Clerk/RFO advised Internal Audit that a DPO has not been formally appointed by the Council.

2.16 The Council demonstrates compliance with the GDPR through its adoption of a Data Protection Policy, a Data Retention Policy, Data Mapping Schedule, GDPR Risk Assessment and the maintenance of appropriate Privacy Notices and Consent Forms. The Council's Publication Scheme is displayed on the Council's website.

2.17 The Council maintains and undertakes regular reviews of a wide range of formal Policies and Procedures. At its meeting on 9 January 2019 the Council reviewed and adopted staff related Policies (Dignity at Work, Disciplinary and Grievance, Training and Development, Health and Safety and Lone Worker).

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2.18 At its meeting on 11 March 2020 the Council received a list of all existing Policies, Procedures and Protocols and agreed to adopt them with the proviso that they should be referred to the Finance and Governance Committee for review and up-dating during the year 2020/21 (Minute 8.4 refers).

2.19 The Council re-adopted the Suffolk Code of Conduct at its meeting held on 15 May 2019 (Minute 18 refers). The Code applies to all Councillors for the purpose of assisting a Local Council to discharge its duty to promote and maintain high standards of conduct within its area. Local Councils are currently being consulted upon an up-dated Code of Conduct.

2.20 The Clerk/RFO provides reports to Council on Community Infrastructure Levy (CIL) matters, including sums received. Details of the 2018/19 CIL Report were presented to Council on 12 February 2020 (Minute 9.3 refers). The amount of £9,527.22 CIL funds were received in the year 2019/20 giving an overall balance of £42,378.71. An amount of £20,331.31 was transferred from CIL funds to General Reserves on 31 March 2020 and resulted in a balance of CIL funds of £22,047.40 at the year end. The CIL Report for the year 2019/20 has to be submitted to the District Council no later than 31 December 2020.

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 During significant periods of time in the 2019/20 year prior to and following the resignation of Ms Lee as Clerk/RFO, the Rialtas Accounting System was not kept up to date with the payments and receipts made by the Council. As such, a reconciliation between the Accounts and the Council's bank statements was not achieved resulting in a reduction in the standard of financial control previously exercised by the Council. Following his appointment in December 2019 the current Clerk/RFO proceeded to complete the upload of 2019/20 financial information onto the Rialtas Accounting System in order to re-gain overall financial control and to facilitate the necessary bank reconciliations.

3.2 The Council commissioned Rialtas Business Solutions Ltd (RBS) to close the 2019/20 Accounts on its behalf. The Cashbook and Receipts and Payments Account and supporting data completed by the Clerk/RFO with the assistance of Rialtas were found to be in good order and well presented.

3.3 VAT payments are tracked and separately identified within the Cashbook. The VAT paid by the Council is normally recovered from HMRC on an annual basis. The reimbursement of £3,515.66 VAT paid in the period April 2017 to March 2018 was received at bank on 10 May 2018. Similarly, the re-claim of £5,437.32 VAT paid in the period 1 April 2018 to 31 March 2019 was received at bank on 13 June 2019.

3.4 The Clerk/RFO submitted the re-claim for the £11,074.76 VAT paid in the year 2019/20 to HMRC on 26 May 2020 and the amount was received at bank on 15 June 2020.

3.5 The Cashbook is well referenced and provides a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of payments was examined and found to be in good order; supporting invoices and vouchers were in place.

3.6 It was noted that a number of payments were listed under Grants and Donations Paid, including the 'Raise the Roof' Contribution of £200. The Report by Karen Forster (see item 2.13 above) referred to the donations being made by the Council and she advised that '*Donations must never be given to political organisations or religious groups as this is illegal. Consequently, the donation to the Raise the Roof fund at the local church, made in June, should not have been made. I don't know what you can do about that.*'

3.7 With respect to this matter, the Council should ensure that procedures are in place to prevent any ultra vires payments being made. It is the responsibility of Councillors to satisfy themselves that they have the appropriate legal power to incur expense, thereby it is a requirement that the Council ensures that all financial decisions and payments made are in accordance with statute and that the Council is not taking any decisions or making payments that are ultra vires. Some Councils expand the financial reports presented to each meeting to include the listing of the legislative power under which each payment is being made. This will assist to inform Councillors that their decisions and the payments agreed are not ultra vires.

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

4.1 The Annual Risk Assessment documentation was considered and approved by the Council at its meeting on 15 May 2019 (Minute 15 refers). The Assessment provides a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified.

4.2 At its meeting on 11 March 2020 the Council considered and adopted the Internal Controls Statement and Policy (Minute 7.6 refers). The Council also agreed to appoint a Councillor to act as the Internal Controls Reviewer with responsibility for the review of bank reconciliations and petty cash transactions on a monthly basis and to complete the annual end-of-year internal control audit (Minute 7.7 refers). The Internal Control Statement includes a list of the control tests to be undertaken on a quarterly basis, with the requirement that a written report of any findings is to be submitted to the Council and Minuted as evidence of the action taken.

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

4.4 Insurance was in place for the year of audit. At its meeting on 11 September 2019 the Council noted that its insurance policy was due to expire at the end of September 2019; quotations had been received and payment of the renewal premium was agreed (Minute 4 refers).

4.5 Employer's Liability cover and Public Liability cover each stand at £10m. The level of Fraud and Dishonesty (Fidelity) cover stands at £250,000, which is marginally lower than 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 (approximately £260,600 as at 31 March 2020). The Council should continue to monitor the situation during the year 2020/21 and, if necessary, increase the level of Fraud and Dishonesty (Fidelity) insurance cover to ensure that cover meets the recommended guidelines.

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

Precept 2019/20: £116,837.00 - Council's meeting on 9 January 2019, Minute 7.

Precept 2020/21: £119,688.57 - Council's meeting on 15 January 2020, Minute 10.2.

5.1 The precepts were agreed in full Council and the precept decision and amount have been clearly Minuted. The current Clerk/RFO ensures that the Council is aware of responsibilities, commitments, forward planning and the need for adequate reserves.

5.2 Examination of the accounts and supporting documentation for the year under review (2019/20) confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The Clerk/RFO at that time submitted the Draft Budget for 2019/20 to the Council at its meeting on 9 January 2019 (Minute 7 refers) including a schedule detailing the outturn of Accounts for 2017/18, the Spend to Date for 2018/19 and a Draft Budget for 2019/20 for comparative purposes.

5.3 A Budget for the year 2020/21 was presented to Council and approved at the meeting held on 15 January 2020. However, at its meeting on 12 February 2020 the Council noted that at the time the precept for 2020/21 had been agreed the budget had not matched the precept as it had been calculated using the previous year's budget, which had been set at a level which exceeded the precept. In order to rectify this, the Clerk/RFO amended the budget for 2020/21 to match the precept and the revised budget was approved on 12 February 2020 (Minute 9.1 refers).

5.4 The Council's Overall Reserves at 31 March 2020 stood at £200,783.15, of which £155,547.40 were Earmarked and Restricted Reserves, as follows:

Council Legal Requirement:	£120,000.00
Legal Expenses:	£10,500.00
Elections:	£2,000.00
CIL Funds:	£22,047.40
Tools/Equipment:	£1,000.00

5.5 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2020 totalled £45,235.75. The generally accepted best practice requires General (non-earmarked revenue) Reserves to be equal to three to six months of contractual expenditure and the Council has achieved that guideline. The

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Council is maintaining sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

5.6 The Clerk/RFO advised Internal Audit that a Reserves Policy is currently under construction and it is expected that the amount of £120,000 earmarked under 'legal requirement' will be broken down into more closely defined and specific areas of anticipated expense.

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

6.1 Receipts recorded in the Cashbook were cross referenced with the bank statements on a sample basis and were found to be in order.

6.2 At its meeting on 13 February 2019 the Council considered and approved a revised Allotments Tenancy Agreement for 2019/20 and agreed the allotment fees and charges to apply from 2020/21, as these needed to be notified to tenants a year in advance (Minute 8 refers).

6.3 An Allotments Register is being maintained which lists (inter alia) the plots available, the plot holder, the sums due and the amounts paid. The Clerk/RFO confirmed that no allotments debts were outstanding as at the year-end, 31 March 2020.

7. Petty Cash and Bank Card (Associated books, approved system in place).

7.1 At the meeting on 12 February 2020 the Council agreed to introduce a Petty Cash system and to provide bank cards for the Clerk/RFO and Assistant Clerk. A Petty Cash Account of £100 was agreed and the Clerk/RFO was asked to develop a policy and paperwork to control and manage the system (Minute 9.5 refers).

7.2 The Petty Cash Policy and Procedures were considered and adopted by the Council at its meeting on 11 March 2020 (Minute 7.2 refers). The Council noted that the system was in operation at that time.

7.3 The Council's Financial Regulation item 6.21 details the controls to be exercised over the Petty Cash Account.

7.4 As part of this End-of-Year Audit, the Internal Auditor examined the operation of the Petty Cash system in order that the necessary confirmation/assurance could be provided in the Annual Internal Audit Report within the 2019/20 Annual Governance and Accountability Return (AGAR). The system was found to be in order with vouchers supporting sums drawn from the Account.

7.5 It was noted that the initial setting up of the Account was made through a payment of £100 from the bank account (cheque 103543 dated 26 February 2020 refers). The Account has not been identified as a Petty Cash Account by Rialtas in the End of Year Accounts. Accounting practice provides that Petty Cash is normally identified as a separate account and brought into the Bank Reconciliation as such.

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The Clerk/RFO agreed to raise this issue with Rialtas in order that the correct accounting arrangements can be put in place.

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

8.1 Payroll Services are administered on behalf of the Council by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. PAYE is in operation and payments have been made to HMRC. Detailed payslips for the month of March 2020 and the P60 End of Year Certificates for members of staff were presented to Internal Audit for examination.

8.2 The Council received a report detailing a number of personnel matters/recommended salary increases for 2019/20 at its meeting on 13 February 2019. At its meeting on 15 May 2019 the Council approved the appointments of the Cleansing Operative (Post A) and Cleansing Operative (Post B)/Gate Operative and agreed changes in the Contract of Employment for the Grounds and Village maintenance Technician (Minute 24 refers).

8.3 Leading into the change in key personnel in the year, the Council sought guidance from the Suffolk Association of Local Councils (SALC) to determine the way forward. It was noted by the Council on 9 October 2019 that SALC were able to operate the Council's Payroll Services and provide training on the Council's financial system. The Council also noted that a Councillor would be meeting all staff to discuss changes to payroll and all new contracts would be brought into line including a statement that overtime is to be approved prior to it being worked (Minute 11 refers).

8.4 The Minutes of the Council's meeting on 15 January 2020 note that Contracts of Employment for key staff were considered and approved together with supporting staff (Minute 15 refers). A Contract of Employment is in place for the Assistant Parish Clerk. The Contract of Employment for the Clerk/RFO has yet to reflect the RFO responsibilities applied to the post. The Clerk/RFO confirmed that this matter is being addressed by the Council.

8.5 It was reported to Council on 14 September 2016 that the Pensions Regulator had confirmed the Council's Declaration of Compliance with the workplace pensions legislation. Every three years the Council has a legal duty as an employer to assess and re-enrol eligible staff who have left the workplace pension scheme. A re-declaration of compliance must then be submitted. Re-enrolment with the Pensions Regulator was due no later than 3 December 2019; the Clerk/RFO was not able to confirm that a re-declaration had been made by any of his predecessor Clerk/RFOs and agreed to follow up this matter with the Pensions Regulator.

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

9.1 An Asset Register is in place; the Register for 2019/20 was reviewed and approved by the Council at its meeting on 12 June 2019, having been updated to reflect acquisitions and disposals of assets (Minute 7e refers).

9.2 As at 31 March 2020 the Register displayed a value of £325,347, an increase of £32,749 from the end of the previous year and reflects the significant acquisitions of CCTV equipment and the Allotments Entrance Ramp during the year of account.

9.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are displayed at original purchase cost or, where the original purchase price is unknown, at a nominal/community value.

9.4 The Register includes a column which displays the amount each asset is insured to assist in a comparison between the items and values listed in the Asset Register with those included within the property insured schedules of the Council's Insurance Policy.

9.5 The value as at 31 March 2020 has been correctly placed in Box 9 of Section 2 of the AGAR.

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

10.1 As referred to at item 3.1 above, there were significant periods of time in the 2019/20 year when the Rialtas Accounting System was not kept up to date with the payments and receipts made by the Council. As such, a reconciliation between the Accounts and the Council's bank statements was not achieved. The Council noted at its meeting on 11 March 2020 that whilst an overview of council finances had been provided to Councillors, no bank reconciliation had been provided to the Council. Accordingly, the Internal Auditor is unable to certify at item I in the Annual Internal Audit Report in the 2019/20 AGAR that '*Periodic bank account reconciliations were properly carried out in the year*'.

10.2 Following his taking up his duties in January 2020 the current Clerk/RFO proceeded to complete the upload of all 2019/20 financial information onto the Rialtas Accounting System in order to achieve the necessary bank reconciliations and to re-gain overall financial control. The Clerk/RFO confirmed to Council on 11 March 2020 that procedures had been put into place to ensure the presentation of bank reconciliations in the year 2020/21.

10.3 The bank statements as at 31 March 2020 for the Barclays Community (main current) Account, the Community (Events) Account and the Nationwide Building Society business 3-year Fixed Rate Saver Account (statement as at 1 March 2020) reconciled with the End-of-Year accounts and agreed with the overall bank reconciliation.

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10.4 The amounts held in Barclays Bank PLC as at 31 March 2020 significantly exceeded the £85,000 amount covered by the Financial Services Compensation Scheme (FSCS) for Smaller Local Councils. The Clerk/RFO agreed to examine this matter and, if required by the Council, review the amounts held in the bank accounts in order that the public funds are fully protected by the FSCS Scheme for Smaller Local Councils.

10.5 There are two additional Barclays bank accounts which are under the jurisdiction of the Council viz. the Francis Road Maintenance Account and the Compass Suite Account. The Council has an 'arm's length' relationship with these charitable bodies and neither account forms part of the Council's End-of-Year accounting or banking processes. The Council's position relating to these bodies needs to be clarified in order that the Council's role and responsibilities relating to these accounts can be clearly identified. The Clerk/RFO advised the Internal Auditor that the Council is planning to examine this matter during the year 2020/21.

11. 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*).

11.1 The Council was advised at its meeting on 11 March 2020 that RBS would be attending the Council to complete the annual closedown of the accounting system during May 2020.

11.2 The 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 good order.

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 current Clerk/RFO provides comprehensive financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

12.2 Councillors normally receive and approve a Schedule of Payments at each meeting of the Council. At its meeting on 15 May 2019, the Council confirmed its approval to the direct debit payments 2019/20, the bank signatories for 2019/20 and the continued practice of online payments being made. The procedure for electronic payments provides that the Clerk/RFO, as the system administrator for on-line banking, puts forward requests for payments to be made. Two Councillors act as Authorised Signatories, either one of whom can provide on-line approval for the payment generated by the Clerk/RFO. Financial Regulations 6.10 to 6.17 formally detail the procedures to be followed for on-line payments.

12.3 However, at the present time the bank mandate for the Clerk/RFO has yet to be processed by Barclays Bank so that one Councillor initiates the payment from the

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details supplied by the Clerk/RFO and the second Councillor authorises the payment. A Finance Control Sheet is completed and attached to each invoice/voucher for payment.

12.4 Some cheque payments are being made by the Council. The cheque counterfoils are being initialled by Cheque Signatories in accordance with the requirements of the Council's Financial Regulations (Item 6.5, under Instructions for the Making of Payments).

12.5 Details of bank account balances are presented to meetings of the Council. The Schedule of Payments was presented to the Council at each meeting other than in January 2020 when the Minutes do not record the presentation of the Schedule. Payments and receipts are currently listed in the Council's Minutes as part of the overall financial control framework.

12.6 At its meeting on 12 June 2019 the Council received the Internal Audit Report for the previous year (2018/19) (Minute 7c refers). No matters of concern were raised in the report.

12.7 The Council appointed the Internal Auditor for the 2019/20 year of account at its meeting on 15 May 2019 (Minute 13 refers) and the position was confirmed at the meeting on 11 March 2020 (Minute 7.10 refers).

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

13.1 The External Audit review for the previous year, 2018/19, was undertaken by PKF Littlejohn LLP. No matters of concern were raised in the External Auditor's Report.

13.2 The account from PKF Littlejohn was included in the schedule of payments for September 2019 but the External Audit Report was not reported to Council at that time due to the changeover in staffing. Accordingly, at the meeting on 11 March 2020 the Clerk/RFO informed the Council of the conclusion of the audit and presented the External Audit Report and End-of-Year Certificate to the Council. The conclusion of the External Audit for 2018/19 was formally noted and both the Report and Certificate were accepted (Minutes 7.4 and 7.5 refer).

14. Publication Requirements in accordance with the Accounts and Audit Regulations 2015.

14.1 Under the Accounts and Audit Regulations 2015, authorities were required to publish the following information on a publicly accessible website:

Before 1 July 2019 authorities must publish:

- a) Notice of the period of the exercise of public rights and a declaration that the accounting statements are as yet unaudited.
- b) Section 1 – Annual Governance Statement 2018/19 in the Annual Governance and Accountability Return (AGAR) approved and signed.

TREVOR BROWN CPFA

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Internal Audit Services

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- c) Section 2 – Accounting Statements 2018/19 in the AGAR, approved and signed.

Not later than 30 September 2019 authorities must publish:

- d) Notice of the conclusion of audit
- e) Section 3 – External Auditor Report and Certificate
- f) Sections 1 and 2 of the AGAR including any amendments as a result of the limited assurance review.

14.2 From the Council's website <http://kessingland.onesuffolk.net> it was confirmed that items a), b) and c) above were published as required but items d), e) and f) were not published by the required date.

14.3 The Clerk/RFO has confirmed that the documents relating to the year 2019/20 will be published on the website as required by legislation. The Council will wish to note that the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have extended the statutory deadlines for the publication of the 2019/20 documents.

15. Additional Comments.

15.1 The Annual Parish Council meeting was held on 15 May 2019, within the required timeframe. The first item of business was the Election of Chairman, in accordance with the Local Government Act 1972.

15.2 I would like to record my appreciation to the Clerk/RFO and the Assistant Clerk for their assistance during the course of the audit work and for ensuring that all documents were very well presented for the audit review.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

22 July 2020