

Report to Kessingland Parish Council

End-of-Year Internal Audit of the Accounts: Year ending 31 March 2021

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2020/21 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control. Councillors and Officers demonstrate a strong commitment in maintaining a high standard of overall governance and financial administration.

1.2 This End of Year Internal Audit review was completed on 7 June 2021 at the Council's Offices. The review, undertaken on the documentation provided to the Internal Auditor and that published on the Council's website, has confirmed the overall adequacy of the financial arrangements in place within the Council. As part of its development framework, the Council demonstrates good practice by looking to develop a Five-Year Action Plan of Parish Works and Improvements around which the annual budget can be considered each year. Formal consultation on these matters with the local community is due to take place during 2021/22.

1.3 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.4 The Accounts for the year, as constructed by RBS, display the following:

Total Receipts for the year: £148,261.86
Total Payments in the year: £121,531.07
Total Reserves at year-end: £227,513.94

1.5 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £200,783</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £119,689</i>
<i>Total Other Receipts:</i>	<i>Box 3: £28,573</i>
<i>Staff Costs:</i>	<i>Box 4: £50,369</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £71,162</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £227,514</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £227,514</i>
<i>Total fixed assets:</i>	<i>Box 9: £341,416</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.6 Section Two of the AGAR was approved by the Council on 28 May 2021 and Section One is due to be approved on 9 June 2021. The Guidance Notes on completion of the AGAR requires Section One to be approved before Section Two. The External Auditors may, as a result, comment on this matter in their Report and Certificate 2020/21.

1.7 The Internal Auditor has completed the Annual Internal Audit Report 2020/21 within the AGAR.

1.8 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 At its meeting on 10 June 2020 the Council agreed to postpone the 2020 AGM, in line with government legislation following the Covid-19 pandemic, until May 2021 with all Chairs and Vice Chairs remaining in position until that time. It was further agreed that should any vacancies occur, they would be addressed at the next available meeting, either of the Parish Council or the relevant Committee (Minute 7 refers).

2.2 Also at the meeting on 10 June 2020, the Council agreed that whilst Government restrictions on public meetings were in force, meetings of the Full Council, Committees and Working Groups would take place via video-conferencing wherever possible. Meetings of council bodies would be open to the public via Zoom and any interested members of the public would be able to contact the Parish Council office for access details. During this period Council meetings would be held at two monthly intervals (with the exception of the Planning Committee). Appropriate delegated authority to Councillors and Officers was agreed. Delegations applied between meetings with delegated decisions being made by the Chair, Deputy Chair and the Chairs of Finance and Governance, Leisure & Amenities, Personnel and Planning Committees to ensure that the day-to-day business of the Council could continue.

2.3 Councillors and Officers demonstrated commitment to addressing the challenges of the pandemic in their support to the local community and in maintaining effective governance arrangements. In addition to appropriate delegated authority given to Councillors and the Clerk/RFO to deal with urgent and necessary business, Councillors staffed the emergency helpline during the early part of the pandemic and worked with other volunteers to support the community overall and, in particular, vulnerable persons in the parish.

2.4 At its meeting on 8 July 2020 the Council accepted a recommendation from the Finance and Governance Committee that the Council should develop a Five-Year Plan of parish works and improvements around which the annual budget could be considered each year. This would be a 'living' document which would be reviewed each year and would be sufficiently flexible to allow for developing situations. Due to

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timescales and the closeness of the budget setting period, the Council agreed that formal consultation with the community would not be undertaken in 2020/21 although the Council would consider any suggestions received

2.5 At the meeting on 9 September 2020 the Council agreed to set up a Working Group of five Councillors plus the Clerk/RFO to review the suggestions and develop recommendations for Council on the Five-Year Plan (Minute 42 refers). The Clerk/RFO advised the Internal Auditor that the Council is currently developing the first year of the Plan and is due to engage the local community in this respect later this year.

2.6 Standing Orders are in place. The latest Model Standing Orders published by the National Association of Local Councils (NALC) in 2018 were considered and adopted by the Council at its meeting on 11 March 2020 (Minute 8.1 refers). Changes to Standing Orders (in line with national guidance and legal requirements) affecting the limits regarding contracts were approved by Council on 11 November 2020 (Minute 81.5 refers).

2.7 Financial Regulations are also in place. 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). Changes to Financial Regulations (in line with national guidance and legal requirements) affecting the limits regarding contracts were approved by Council on 11 November 2020 (Minute 81.6 refers).

2.8 The Council is continuing to apply the General Power of Competence (GPoC). The Council declared at the time of its meeting on 15 May 2019 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). The Power can continue to be used until the next relevant Annual Meeting of the Parish Council (normally following election of the Parish Council).

2.9 The Council reviewed its overall governance arrangements and Committee structure 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 agreed to maintain four other Working Groups in respect of Heritage, Health and Safety, Events and Emergency Planning.

2.10 At the meeting on 14 October 2020 the Council agreed that the Events Working Party should become the Events and Communications Committee. Terms of Reference were developed for the Committee and approved by the Council at its meeting on 11 November 2020 (Minute 81.3 refers).

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2.11 The Council demonstrates good practice by adopting and maintaining 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. The Clerk/RFO advised the Internal Auditor that the Policy is due for review, alongside other Policies and Procedures held by the Council.

2.12 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. At the meeting of the Council on 14 October 2020 it was noted that, following Delegated Authority being given, the Clerk/RFO with the Chair of Finance and Governance had changed the Council's electricity supplier to OPUS Energy, which submitted the lowest quotation to provide renewable-only energy in accordance with the Council's Climate Emergency commitment (Minute 61.16 refers).

2.13 The Clerk/RFO, Mr Neil Coleby, was appointed as Clerk to the Council in December 2019 and, following the resignation of the then RFO in post, was subsequently appointed as the Council's permanent RFO.

2.14 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.

2.15 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council. The Council noted at the meetings held by video-conferencing in 2020/21 that the Minutes could not be formally approved and signed until the next meeting of Councillors takes place in person.

2.16 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 2021). The Council demonstrates compliance with the General Data Protection Regulations (GDPR) through its adoption of a Data Protection Policy, a Data Retention Policy and a General Privacy Policy. The Council's Publication Scheme is displayed on the Council's website.

2.17 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). At its meeting on 10 June 2020 the Council reviewed and adopted the Grants Policy, the Public Participation in Video Meetings Protocol and the Social Distancing Protocol (Minute 10 refers). Similarly, on 14 October 2020, the Council approved a Co-option Policy and Protocol (Minute 62.2 refers) and on 11 November 2020 a Memorial Policy was approved (Minute 81.4 refers). The Clerk/RFO advised the Internal Auditor that the pandemic has impacted upon the progress of the review of some Policies but work is continuing and further reviews are programmed throughout 2021/22.

2.18 A number of staff related Policies (Dignity at Work, Disciplinary and Grievance, Training and Development, Health and Safety and Lone Worker) are also in place but are similarly awaiting review and update as necessary by the Council.

2.19 The Council re-adopted the Suffolk Code of Conduct for Councillors 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.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Rialtas Business Solutions (RBS) accounting system was used in the year to produce the Council's Financial Reports and Statements. The financial system is well referenced and overall provides a good audit trail to the supporting documentation. The system has been used for the preparation of the 2020/21 End-of-Year accounts.

3.2 The Council commissioned RBS to close the 2020/21 Accounts on its behalf. The Cashbook and Receipts and Payments Account (following corrections, see item 4.2 below) 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 The Cashbook is well referenced and provides a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. VAT payments are tracked and identified within the accounting system. A sample of transactions was examined with the supporting invoices/vouchers and was found to be in order. Test checks were made on the coding of the VAT element within a number of invoices/accounts and these were also found to be in order.

3.4 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 Clerk/RFO submitted a 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 Clerk/RFO provides reports to Finance and Governance Committee and to the Council on Community Infrastructure Levy (CIL) matters, including sums received. The CIL Annual Report for the year 2020/21 has yet to be constructed. The Report for the year has to be submitted to the District Council no later than 31 December 2021.

4. 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*).

4.1 RBS attended the Council's offices on 21 May 2021 to assist the Clerk/RFO in the completion of the annual closedown of the accounts for the year 2020/21.

4.2 The End-of-Year accounts are prepared on a Receipts and Payments basis. The Internal Auditor's examination of the Accounts prepared by RBS revealed a discrepancy between the Summary Receipts and Payments Account and the entries in the AGAR. As the AGAR would clearly need to correctly reflect the entries in the final accounts for the year, the Clerk/RFO contacted RBS in order that the matter was investigated and resolved.

4.3 Following the necessary corrections, the End of Year accounts were found to be in good order. Sample audit trails were undertaken and were found to be in good order.

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

5.1 Bank Reconciliations were regularly completed during the year 2020/21 and presented to Finance and Governance Committee and the Council.

5.2 At its meeting on 9 September 2020, the Council accepted the recommendation from the Finance and Governance Committee to move its banking to Unity Trust Bank and open a current account, an instant access deposit account and apply for payment cards for the Clerk/RFO and Assistant Clerk. It was also agreed that the Council should invest in the Churches, Charities and Local Authorities (CCLA) Deposit Fund and that delegated authority be provided to the Clerk/RFO, in conjunction with the Chair of Finance and Governance Committee, to organise the banking and investment arrangements, decide initial levels of investment and provide update reports to the Committee and to Full Council. Authorisation was given to nominated Councillor Signatories and the Clerk/RFO to sign both the CCLA and Unity applications on behalf of the Council (Minute 43.7 refers).

5.3 At the meeting on 14 October 2020 the Council noted that an application to move the banking to Unity Trust Bank had been submitted and that an application to invest in CCLA had been completed. The Council noted that the Finance and Governance Committee had agreed to use the Events Bank Account as a holding account during the bank transfer so that a Reserve would be placed in that account in case there were any issues with the transfer; the amount would then be transferred to the Unity account(s) at such time as the funds held in those accounts decrease in order to ensure that the Council has appropriate coverage under the Financial Services Compensation Scheme (FSCS) (Minute 61.5 refers).

5.4 At the meeting on 11 November 2020 the Council noted that the Finance and Governance Committee had given delegated authority to the Clerk/RFO, in consultation with the Chair of that Committee, to organise the transfer of bank accounts with particular reference to the date of the transfer. An application to invest in the CCLA Public Sector Deposit Fund was completed and the Council noted on 13 January 2021 that £50,000 had been invested and the transfer of bank accounts would progress (Minute 97.4 refers).

5.5 The bank statements/investment account balances as at the year end 2020/21 were as follows:

CCLA Public Sector Deposit Fund (31 March 2021):	£50,000.00
Barclays Community (main current) Account (30 March 2021):	£24,234.89
Barclays Community (Events) Account (30 March 2021):	£66,258.43
Nationwide Building Society (31 March 2021):	£87,020.62

The statements reconciled with the End-of-Year accounts and agreed with the overall bank reconciliation.

5.6 Subsequent to the end of the year, the Clerk/RFO reported to Council on 14 April 2021 that the new bank account with Unity Trust Bank was open and the transfer of funds was due to be processed. Funds were transferred from Barclays Current Account to the Barclays Events Account to provide for any issues arising during the transfer and to ensure that funds in the new account did not exceed the bank guarantee scheme once the 2021/22 Precept was received (Minute 153 refers).

5.7 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 Clerk/RFO advised the Internal Auditor that the Council has an agreement with the Compass Suite Trustees to dissolve the Charity; a future Board meeting is expected to consider approving Solicitors to conduct the shutdown as well as Accountants to carry out a tabletop valuation of assets and any possible tax implications.

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

6.1 The updated Annual Risk Assessment documentation was considered and approved by the Council at its meeting on 10 June 2020 (Minute 9.3 refers). The Assessment provides a comprehensive analysis of the risks faced by the Council, the level of risk involved, the control measures in place to mitigate the risks identified and any further action required.

6.2 The Council noted on 10 June 2020 that a Health and Safety Inspection and the annual Risk Assessment of the Allotments and had been completed by nominated Councillors and the Clerk/RFO (Minutes 12.2 and 14.4 refer).

6.3 At its meeting on 10 March 2021 the Council considered and adopted the Financial Risk Assessment as recommended by the Finance and Governance Committee (Minute 134.1 refers).

6.4 The Internal Controls Statement and Policy, including the Checklist for Internal Controllers, were also adopted by the Council at its meeting on 10 March 2021. The Checklist includes the control tests to be undertaken (normally 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.

6.5 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.

6.6 Insurance was in place for the year of audit. At its meeting on 14 October 2020 the Council noted that the Clerk/RFO, with the Chair of Finance and Governance, had under delegated authority renewed the insurance cover with RSA Parish Protect for a 3-year period at a cost of £2,650.64 (Minute 61.15 refers). The period of insurance runs from 1 October 2020 to 30 September 2021.

6.7 Employer's Liability cover and Public Liability cover each stand at £10m. The level of Fraud and Dishonesty (Fidelity) cover stands at £300,000, which is in line with the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

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

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

Precept 2021/22: £116,703.00 - Council's meeting on 13 January 2021, Minute 97.7.

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

7.2 Examination of the accounts and supporting documentation for the year under review confirmed that the 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).

7.3 The Finance and Governance Committee monitored income and expenditure against the 2020/21 Budget. The Committee noted that from October 2020 the monitoring of the accounts against the Budget was being undertaken by the Budget Working Group as part of the Budget round and any significant issues arising would be reported to the Committee.

7.4 The Budget for 2021/22 was initially examined in detail at meetings of the Budget Working Group. The Budget was considered by the Finance and Governance Committee on 16 December 2020. The Full Council gave consideration to the 2021/22 Budget at its meeting on 13 January 2021 and agreed a Precept of £116,703 in order to avoid any increase in the Parish Council's element of Council Tax for 2021/22.

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7.5 A Reserves Policy was adopted by the Council at its meeting on 9 September 2020 (Minute 44.1 refers). The Policy provides that the general fund balance (the 'working balance') is to be maintained at a level based upon a risk assessment carried out annually by the Clerk/RFO when setting the budget for the forthcoming year. The level and relevance of all earmarked reserves will be reviewed by the Finance and Governance Committee as part of the annual budget preparation. Any decisions regarding Reserves will be taken by Full Council. The £120,000 previously earmarked under 'legal requirement' has now been broken down into more closely defined and specific areas of earmarked reserves.

7.6 The Council's Overall Reserves at 31 March 2021 stood at £227,513.94, of which £170,739.51 were Earmarked and Restricted Reserves.

7.7 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2021 totalled £56,774.43, which is in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (in effect, the Precept less any loan repayments - the JPAG Proper Practices Guide, Item 5.32 refers)

7.8 As at 31 March 2021 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

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

8.2 At its meeting on 10 June 2020 the Council considered a revised Allotments Tenancy Agreement for 2020/21 and agreed to set up a small Working Group to progress any action required (Minute 10.5 refers). An Allotments Tenancy Agreement was accepted by the Council at its meeting on 8 July 2020: it would be sent out mid to late August to enable tenants to renew their tenancies by 1 October. This would now be an ongoing tenancy, unless cancelled by either party, by the payment of the annual fee each year. The Council agreed to increase the rents of the two St Edmund's allotments to the level of the Church Road allotments as all the allotments now have a water supply (Minute 30.6 refers).

8.3 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 2021.

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

9.1 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. The Petty Cash Policy and Procedures

were considered and adopted by the Council at its meeting on 11 March 2020, by which time the system was in operation. At the meeting on 13 January 2021 the Council agreed to increase the Petty Cash level to £250 (Minute 97.8 refers).

9.2 The Council's Financial Regulation item 6.21 details the controls to be exercised over the Petty Cash Account but refers to a petty cash float of £100 for the purpose of defraying operational and other expenses. The Clerk/RFO confirmed that the Financial Regulations are due to be updated to reflect the increase in the Petty Cash float.

9.3 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 2020/21 AGAR. The system was found to be in order with vouchers supporting sums drawn from the Account. The Clerk/RFO advised the Internal Auditor that with the impending use of debit/credit cards under the new banking arrangements, the use of Petty Cash is likely to decrease.

9.4 The initial setting up of the Petty Cash 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 RBS in the End of Year Accounts. Accounting practice provides that Petty Cash is normally identified as a separate account and the balance of Petty Cash at the year end is brought into the Bank Reconciliation. The Clerk/RFO advised the Internal Auditor that when RBS sets up the Unity Bank Debit/Credit Cards in the accounting system during 2021/22 the correct accounting arrangements will be put into place for the Petty Cash Account.

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

10.1 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 are being produced. The Payroll Summary for the year 2020/21 and P60 End of Year Returns were presented to the Internal Auditor for examination.

10.2 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). An up-to-date Contract of Employment is in place for the Clerk/RFO (dated 12 October 2020) and signed by both parties. Similarly, a Contract of Employment is in place for the Assistant Parish Clerk (dated and signed by parties on 23 March 2020).

10.3 At its meeting on 10 June 2020 the Council agreed that all Council staff should be moved onto Suffolk LGA Pay Scales (Minute 13.3 refers).

10.4 The Council agreed at the meeting on 8 July 2020 that automatic payment of staff wages should be set up via the Council's bank to provide that staff got paid on the 28th of each month unless that falls on a non-banking day in which case it would be paid the working day before (Minute 29.6 refers).

10.5 At its meeting on 8 July 2020 the Council noted that the Clerk/RFO had successfully completed his six-month probation period and that the Personnel Committee had confirmed the permanent appointment. The Assistant Clerk had agreed to have her probation period extended by one month due to the Covid-19 situation. The Council also agreed that its external staff should be moved onto the Suffolk County Council pay scales with effect from 1 July 2020.

10.6 It was noted by the Council on 9 September 2020 that the new NJC pay scales had been received following the annual cost of living review and that they would be applied as previously agreed by the Council and backdated to the 1 April 2020 (Minute 47.3 refers).

10.7 At the meeting on 14 October 2020 the Council agreed the recommendation from the Finance and Governance and Personnel Committees to backdate the date that the cleansing staff were moved onto the NJC Pay Scales to the 1 April 2020 in order that they receive a similar cost of living wage increase as other council staff (Minute 61.6 refers).

10.8 The Council agreed the recommendations from the Personnel Committee with regard to enrolling staff into the Suffolk County Council Pension Scheme and approved pay rises following the staff annual appraisals, included relevant backdated pay rises (Minute 72.3 refers).

10.9 At its meeting on 11 November 2020 the Council noted that the recruitment of a Factotum and Relief Cleansing Operative had been successful and that the postholder would take up his duties on 1 December 2020.

10.10 The Council continues to demonstrate commitment to the training of its staff. At its meeting on 14 October 2020, the Council authorised Rialtas Training for the Clerk/RFO and Assistant Clerk and that the Personnel Committee's Terms of Reference be amended to include approving training on courses up to the cost of £500 per course to the maximum limit of the Training and Conference Budget (Minutes 65.4 and 65.5 refer).

10.11 With regard to meeting the legislation relating to workplace pensions, the Clerk/RFO confirmed that a re-declaration of compliance under the Pensions Act 2008 has yet to be submitted to the Pensions Regulator. (The re-declaration of compliance confirms to The Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

Recommendation 1: The Council should ensure that it has registered with the Pensions Regulator and has completed the necessary declaration of compliance under the Pensions Act 2008 as soon as practicably possible.

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

11.1 An Asset Register is in place and was reviewed and approved by the Council at its meeting on 10 June 2020, having been updated to reflect acquisitions and disposals of assets (Minute 9.2 refers).

11.2 The Register was also reviewed by the Finance and Governance Committee on 8 March 2021 and was adopted by the Council, as recommended by the Committee, on 10 March 2021.

11.3 As at 31 March 2021 the Register displayed a value of £341,416, an increase of £16,069 from the end of the previous year and reflects (inter alia) the acquisitions of Laptop Computers and a Speed Indicator Device in the year of account.

11.4 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.

11.5 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.

11.6 The value as at 31 March 2021 has been correctly placed in Box 9 of Section 2 of the AGAR.

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 Clerk/RFO provides comprehensive and informative financial reports to meetings of the Finance and Governance Committee. Councillors are provided with information and data to enable them to make suitably informed decisions. The Committee has standing agenda items for Banking, Accounts and Budget, Payments, Other Financial Updates and Governance. The Clerk/RFO provides reports of banking arrangements, bank balances, bank reconciliations, updates of income/expenditure compared to budget, the authorisation of payments, CIL updates and governance issues in order that the Committee fully meets its Terms of Reference.

12.2 Similarly, the Council receives comprehensive financial reports from the Clerk/RFO and the Finance and Governance Committee, including a Schedule of Payments at each meeting as well as details of Income and Expenditure, bank account balances and Bank Reconciliations.

12.3 During the year 2020/21 the procedure for electronic payments under the Barclays Bank account provided that a Councillor initiated the payment from the details supplied by the Clerk/RFO and a second Councillor authorised the payment electronically. The arrangements for electronic payments under the Unity Bank provide that the Clerk/RFO and Assistant Clerk will initiate the payment and two Councillors will authorise the payment electronically. Financial Regulations 6.10 to 6.17 formally detail the procedures to be followed for on-line payments.

Recommendation 2: In view of the changes in procedures for on-line banking, Financial Regulations should be reviewed and updated to ensure that they fully reflect the new procedures operating for electronic payments with Unity Bank and the use of Debit/Credit Cards with the Unity Bank.

12.4 A Finance Control Sheet is completed and attached to each invoice/voucher for payment. 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 is presented to Council meetings. Payments and receipts are listed in the Minutes of the Finance and Governance Committee as part of the overall financial control framework.

12.6 At its meeting on 9 September 2020 the Council received the Internal Audit Report for the previous year (2019/20) (Minute 43.3 refers).

12.7 The Council appointed the Internal Auditor for the 2020/21 and 2021/22 years of account at its meeting on 11 November 2020 (Minute 80.5 refers).

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

13.1 The External Audit review for the previous year, 2019/20, was undertaken by PKF Littlejohn LLP. The External Auditor's Certificate and Report was dated 27 November 2020. On 16 December 2020 the completion of the External Audit Report was reported to the Finance and Governance Committee. No matters of concern were raised by the External Auditor but some comments were made, outside of the overall Opinion, to assist the Council, as follows:

- a) *The Council should address the weaknesses identified by the Internal Auditor regarding the completion of periodic and end of year bank reconciliations. (This has been addressed by the Clerk/RFO).*
- b) *The Council should consider the requirements of the Accounts and Audit Regulations 2015 when setting the date for the approval of the AGAR in relation to the public rights period. (The Clerk/RFO will be addressing this issue in respect of the 2020/21 AGAR and Notice of Public Rights of Inspection).*

13.2 The External Audit Report for the year 2019/20 was not formally reported to Full Council. Although the Council noted (on 13 January 2021) the Minutes of the Finance and Governance Committee meeting of 16 December 2020 (when the Committee had been advised of the completion of the External Audit), the Full Council was not presented with the External Audit Report and End-of-Year Certificate and the comments made to assist the Council.

Recommendation 3: The Full Council should each year be advised of the conclusion of the External Audit and be presented with a copy of the External Audit Report and Certificate in order to accept and approve the Report and to formally note any comments made by the External Auditor to assist the Council.

14. Publication Requirements.

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website (the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extended the statutory deadlines for the publication of the 2019/20 documents):

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

14.2 Following the completion of the External Audit:

Notice of Conclusion of Audit
AGAR - Section 3
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

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

<http://kessingland.onesuffolk.net/parish-council/council-financial-information/>

15. Responsibilities as a Trustee (*Regarding the Council's role and responsibilities under the Charity Acts; submission of returns to Charity Commission*).

15.1 The Council is not a Sole Trustee to a Charity and has made the appropriate entries in the AGAR 2020/21.

16. Additional Comments.

16.1 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

7 June 2021