

Report to Tunstall Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2023

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2022/23 year the Council continued to maintain an effective framework of financial administration and internal financial control.

1.2 By examination of the 2022/23 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.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £19,103.00
Total Payments in the year: £10,466.61
Total Reserves at year-end: £81,613.10 (of which £69,315.19 has been earmarked)

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £72,976</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £10,251</i>
<i>Total Other Receipts:</i>	<i>Box 3: £8,852 * Note 1</i>
<i>Staff Costs:</i>	<i>Box 4: £3,579 * Note 2</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £6,887</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £81,613</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £81,613</i>
<i>Total fixed assets:</i>	<i>Box 9: £150,176</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

* Note 1: Includes the £24.02 Ipswich Building Society (now Suffolk Building Society) interest received on 22 November 2022.

* Note 2: Being salary £3,515.64 plus PAYE £63.40

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2022/23 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).

2.1 The Annual Parish Council meeting took place on 19 May 2022. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and were reviewed, approved and adopted by the Council at its meeting on 9 March 2023 (Minute 18e refers). The Standing Orders are based on the model documents published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 Financial Regulations are in place and were also reviewed and accepted by the Council at its meeting on 9 March 2023 (Minute 18f refers). A copy has been published on the Council's website.

2.4 The Council continued to correctly apply the General Power of Competence (GPoC) during 2022/23, having declared at its meeting on 8 May 2019 that it was an eligible Council to use GPoC, having two-thirds elected Councillors and a suitably qualified Clerk, and adoption of the Power was agreed (Minute 17f refers).

2.5 The Clerk's position as Responsible Financial Officer (RFO) was re-affirmed by the Council at its meeting on 19 May 2022 (Minute 6 refers). Mrs Tiffany Pollock has been in post as the Clerk and RFO from 1 June 2021.

2.6 The Council demonstrates good practice by maintaining an Action Log, which is reviewed and updated at Council meetings.

2.7 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered and signed/initialled by the Chair at the meeting when the Minutes are approved.

2.8 At its meeting on 3 November 2022 the Council agreed to set up a Finance Committee and on 12 January 2023 Councillors were nominated to form the Committee (Minute 14 refers).

2.9 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 ZA056415 refers, expiring 11 June 2024).

2.10 Whilst the Council is not required to formally appoint a Data Protection Officer, it demonstrated good practice by resolving (at its meeting on 9 May 2018) that the Clerk/RFO should undertake this role.

2.11 The Council demonstrates compliance with the General Data Protection Regulations (GDPR) through the adoption of a Data Protection Statement, Privacy Statement, Data Protection Impact Assessment, a Data Protection Risk Assessment, an Information Protection Policy, an Information Security Incident Policy, Cookies Policy and a Retention of Documents and Records Policy, all of which are published

on the Council's website. **Many of the Data Protection documents relate back to 2018 and were published under the name of the previous Clerk. The documents should now be reviewed and re-published under the name and contact address of the current Clerk/RFO.**

2.12 The Council demonstrates good management practice by maintaining and periodically reviewing a wide range of formal policies and procedures. These include the Grants Awards Policy, Health and Safety Policy, Freedom of Information Policy, Formal Complaints Procedure, Disciplinary Procedure, Grievance Procedure, Expenses Policy, Sickness and Absence Policy, Equal Opportunities Policy, Public Participation Protocol and Publication Scheme all of which have been published on the Council's website. **Many of the documents relate back to 2018 or prior to then and were published under the name of the previous Clerk. The documents should now be reviewed and re-published under the name and contact address of the current Clerk/RFO.**

2.13 A Safeguarding Policy was reviewed and adopted by the Council on 19 May 2022.

2.14 The Council adopted the 2020 LGA Model Councillor Code of Conduct on 12 January 2023. A copy of the Code has been published on the website.

2.15 The Council has published a Website Accessibility Statement which confirms that the Council is committed to making its website accessible. The Statement details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible, or where there would be a disproportionate burden to secure full accessibility, with contact details to report accessibility problems.

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

3.1 The Cashbook Spreadsheet was found to be in good order and well presented. VAT payments are tracked and identified within the Cashbook to identify future reclaims from HMRC.

3.2 The Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements and Cheque Book counterfoils. A sample of transactions was examined and the supporting invoices and vouchers were in place and in good order.

3.3 A re-claim to HMRC for VAT paid was not made in the year of account. The most recent re-claim of £699.18 VAT paid in the period 1 December 2020 to 31 May 2021 was submitted on 18 May 2021 and received at bank on 1 June 2021.

3.4 A Statement of Variances (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) has been prepared by the Clerk/RFO for publication on the Council's website.

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

4.1 The Council appointed a Councillor to take responsibility for bank reconciliation checks at its meeting on 9 March 2023 (Minute 14 refers).

4.2 The End-of-Year Accounts reconciled to the Bank and Building Society statements presented to the Internal Auditor. The bank statements are regularly reconciled to the Accounts during the year.

4.3 The balances brought into account as at 31 March 2023 were as follows:

Barclays Business Current A/C:	£2,269.73 * see Note 1
IBS (SBS) Savings Account:	£6,486.12 * see Note 2
IBS (SBS) Tunstall Common A/C:	£71,347.83 * see Note 3
Nat West MUGA A/C:	£2,046.57

* Note 1: Cheques 101242 (£10.60), 101249 (£150), 101248 (£10.60), 101247 (£292.92); 101246 (£54.00) and 101245 (£19.03) were unpresented to bank as at 31 March 2023.

* Note 2: Includes interest of £24.02 received as at 30 November 2022.

* Note 3: The Building Society passbook was made up to 21 December 2022 and displayed a balance of £71,347.83.

5. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).

5.1 End-of-Year accounts are prepared on a Receipts and Payments basis. The list of Receipts presented to the Internal Auditor did not include the interest of £24.02 received by the IBS (SBS) Savings Account on 30 November 2022. The Accounts were revised to include the interest received and the correct balance of the Savings Account as at 31 March 2023.

5.2 Sample audit trails were undertaken and were found to be in order.

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

6.1 The Council is looking to appoint a non-Signatory Councillor to conduct reviews of the system of internal controls on a quarterly basis and to make reports to Council on a Quarterly Basis. This issue is due to be considered by the Council at a forthcoming meeting.

6.2 A Statement of Internal Control was considered and adopted by the Council at its meeting on 12 January 2023 (Minute 21b refers).

6.3 The Council's Risk Assessment (Financial) and Risk Assessment (Non-Financial) were reviewed and approved by the Council at its meeting on 9 March 2023 (Minutes 18b and 18c refer). The assessments assign a probability of each risk occurring, its impact on the Council and details how the risk is managed, the internal controls in place and the action being to address any identified weaknesses.

6.4 The Council's Risk Assessment (Catchment Pit) was also reviewed and approved by the Council at its meeting on 9 March 2023 (Minute 18a refers).

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 management of risk, with the review suitably Minuted.

6.6 Ipswich Borough Council (IBC) undertook play area inspections at the Playing Field on behalf of the Parish Council during the 2022/23 year (four inspections each year) as part of the overall risk management arrangements in place. There is a standing agenda item for 'Recreation Ground/Community Centre' under which maintenance and other risk management issues at the Play Park are considered and addressed. At its meeting on 19 May 2022 the Council agreed that the inspections by IBC should continue.

6.7 Insurance was in place for the year of account. The Council's Policy runs from 1 June 2022 to 31 May 2023. At the meeting on 19 May 2022 the Council agreed that amendments would be made to the cover (prior to the renewal date) regarding the assets transferred to the Community Hall Trustees.

6.8 The Council approved the payment of £633.58 insurance renewal premium to BHIB Insurance Brokers on 29 September 2022. Employee Liability cover and Public Liability cover are in place. At its meeting on 29 September 2022 the Council agreed to add personal accident cover to the insurance policy.

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

Precept 2022/23: £10,251.03

Precept 2023/24: £10,251.03

7.1 A Draft Budget 2022/23 was discussed by the Council at its meeting on 13 January 2022 but due to the ongoing discussions regarding the lease of the Community Hall the Budget was not signed off (Minute 9b refers), After discussing the Budget the Council agreed to apply an increase in the Precept of 2.5% (Minute 9c refers). The amount of the Precept for 2022/23 was not identified in the Minutes of the meeting. The Clerk/RFO advised the Internal Auditor that the Precept requested from the District Council was £10,251.03. The Internal Audit Report for 2021/22 subsequently recommended that in future years both the Precept decision and the amount of the Precept should be clearly displayed in the Council's Minutes to ensure transparency in the amount to be levied upon local taxpayers.

7.2 Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions. The Clerk/RFO presented to Council draft budgets for the year 2023/24 at the meetings on 3 November 2022 and 12 January 2023. The Precept of £10,251.03 for 2023/24 was agreed in Full Council and the precept decision and amount has been clearly Minuted (Council's meeting on 12 January 2023, Minute 19c refers).

7.3 The Clerk/RFO ensures the Council is aware of its responsibilities, commitments, forward planning and the need for adequate reserves. Accounts for the period just ended are routinely presented to Council.

7.4 The Council has sound budgetary procedures in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments.

7.5 At its meeting on 19 May 2022 the Council agreed that the £2,000 held in Earmarked Reserves for the MUGA should be transferred to the Community Hall as the asset is being transferred the Hall's Trustees (Minute 12d refers).

7.6 The Council has a General Reserves Policy in place. The Council has agreed that General Reserves should be between 6/12ths and 12/12ths of the Precept value (Minute 5f refers).

7.7 The Overall Reserves as at 31 March 2023 totalled £81,613.10, of which the Clerk/RFO confirmed £69,315.19 was Earmarked as follows:

a) Tunstall Common Work:	£64,565.19
b) MUGA Maintenance:	£2,000.00
c) Emergency Staffing Cover:	£1,000.00
d) Legal Costs:	£1,000.00
e) CCTV installation:	£750.00

7.8 General Reserves (Overall Reserves less Earmarked Reserves) were accordingly £12,297.91, which marginally exceeds the amount of the Precept value envisaged in the Council's General Reserves Policy.

7.9 As at the 31 March 2023 the Council maintained sufficient overall reserves and contingency sums to meet, within reason, any unforeseen items of expense.

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

8.1 The Receipts recorded in the Cashbook consist of Precept (£10,251.03), Rural Payments Agency (£6,736), MUGA Hire Charges (£1,340), Building Society Interest (£674.54) and Grants (£101.43).

8.2 Receipts recorded in the Cashbook were cross referenced with the Council's Bank Statements and Building Society Pass Books/Statements on a test-check basis. Other than the interest of £24.02 received by the IBS Saving Account on 30 November 2022 not being recorded In the Cashbook, all was found to be in order.

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

9.1 A Petty Cash system is not in use; an expenses system is in place, with cheques being made out for expenses incurred.

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

10.1 Payroll Services are operated by SALC on behalf of the Council in accordance with HMRC requirements. Detailed payslips are produced and PAYE is in operation.

10.2 At the meeting held on 12 January 2023 the Council agreed to apply the 2022/23 national pay award for local government officers to the Clerk/RFO's salary and to advise SALC accordingly (Minute 15 refers).

10.3 With regard to the legislation relating to workplace pensions, the necessary re-declaration of compliance as required by the Pensions Regulator under the Pensions Act 2008 was made by the Clerk/RFO on 2 August 2020. (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).

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 A comprehensive Asset and Responsibility Register is in place and was reviewed and adopted by the Council at its meeting on 9 March 2023 (Minute 18d refers). A copy of the Asset and Responsibility Register has been published on the Council's website.

11.2 The total value of £150,176 as at 31 March 2023 was unchanged from the value as at the end of the previous year, 31 March 2022.

11.3 The Register complies with the current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. The original purchase cost is displayed or, where the original purchase price is unknown, a nominal (community) value is listed. The value has been correctly placed in Box 9 of the AGAR 2022/23.

12. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides detailed financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

12.2 Balances held at bank and building society are reported to meetings of the Council.

12.3 Payments are made by means of cheques. At its meeting on 13 January 2021 the Council noted that the present banking arrangements did not allow for online banking and this issue would be reviewed at a later date (Minute 5e refers).

12.4 The Council receives at each meeting lists of payments for review and authorisation, payments made since the previous meeting and any sums received. Payments are listed in the Minutes of the Council as part of the Council's overall financial control framework. In addition, the Internal Auditor confirmed that:

(a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

(b) Invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.

(c) Cheque Book counterfoils are initialled by Cheque Signatories, all as a matter of routine.

12.5 The Internal Audit Report for the previous year (2021/22) was received and accepted by the Council at its meeting on 19 May 2022 (Minute 15b refers). The following recommendations had been put forward in the Report:

R1: *The Council should construct and adopt a Statement of Internal Control to fully evidence compliance with Section 4 of the Accounts and Audit Regulations 2015.*

A Statement of Internal Control considered and adopted by the Council at its meeting on 12 January 2023 (Minute 21b refers).

R2: *Both the Precept decision and the amount of the Precept should be clearly displayed in the Council's Minutes to ensure transparency in the amount to be levied upon local taxpayers.*

The Precept of £10,251.03 for 2023/24 was agreed in full Council and the precept decision and amount has been clearly Minuted (Council's meeting on 12 January 2023, Minute 19c refers).

R3: *The Council should ensure that it is meeting all legislative requirements in terms offering a workplace pension to the Clerk/RFO.*

The Clerk/RFO confirmed to the Internal Auditor that she chose not to contribute towards a pension in her role as Clerk/RFO.

12.6 The Internal Auditor for the 2022/23 year was appointed by the Council at the meeting held on 19 May 2022 (Minute 6 refers).

13. External Audit (*Exemption declared or any Recommendations put forward/ comments made following the Limited Assurance Review*).

13.1 An External Audit was not required in the year 2021/22. At its meeting on 19 May 2022 the Council approved the completion of the Certificate of Exemption from a Limited Assurance Review for that year (Minute 15c refers). A copy of the Certificate has been published on the Council's website.

13.2 For the year 2022/23 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account.

14. Publication Requirements and the Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).

14.1 Under the provisions of the Transparency Code, Tunstall Parish Council can be designated as a 'Smaller Council'.

14.2 The Council's website is: <https://tunstall.suffolk.cloud/parish-council/>

14.3 Smaller authorities should publish on their website:

- a) All items of expenditure above £100:
[Published on the website.](#)
- b) Annual Governance Statement, AGAR, Section One:
[2021/22 published on website.](#)
- c) End of year accounts, AGAR, Section Two:
[2021/22 published on website.](#)
- d) Annual Internal Audit report within AGAR:
[2021/22 published on website.](#)
- e) List of councillor or member responsibilities:
[Published on the website.](#)
- f) Details of public land and building assets (Asset Register):
[Published on the website \(a copy dated January 2021\).](#)
- g) Minutes, agendas and meeting papers of formal meetings:
[Published on the website.](#)

14.4 The Council is complying with the requirements of the Transparency Code.

14.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was unable to confirm that the document for the year 2021/22 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts and the Details of the person making the announcement. A copy had been placed on the Council's Notice Board but the Regulations require publication on the Council's website.

14.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed as easily accessible on the Council's website.

15. Additional Comments

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

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

10 July 2023