

Report to Tunstall Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2024

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2023/24 year the Council continued to maintain an effective framework of financial administration and internal financial control.

1.2 By examination of the 2023/24 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 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: £29,609.99
Total Payments in the year: £16,018.29
Total Reserves at year-end: £95,204.80 (of which £82,839.86 is Earmarked)

1.4 The following figures were agreed with the Clerk/RFO for inclusion in Section 2 (the Accounting Statements) in the Annual Governance and Accountability Return (AGAR Part 3) 2023/24 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £81,613</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £10,251</i>
<i>Total Other Receipts:</i>	<i>Box 3: £19,359</i>
<i>Staff Costs:</i>	<i>Box 4: £4,994</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £11,024</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £95,205</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £95,205</i>
<i>Total fixed assets:</i>	<i>Box 9: £150,162</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.5 Sections One and Two of the AGAR (Part 3) should be completed, approved by the Council and signed and then submitted to the External Auditors no later than 30 June 2024.

1.6 The Internal Auditor has completed the Annual Internal Audit Report 2023/24 within the AGAR.

1.7 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and 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 11 May 2023. 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 30 January 2024. 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 30 January 2024. A copy has been published on the Council's website. NALC has recently published updated Model Financial Regulations for local councils to consider and adopt as required.

2.4 The Clerk's position as Responsible Financial Officer (RFO) was re-affirmed by the Council at its meeting on 11 May 2023 (Minute 7a refers). Mrs Tiffany Pollock has been in post as the Clerk and RFO from 1 June 2021.

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

2.6 At the meeting on 14 March 2024 the Council discussed the possibility of constructing a Neighbourhood Plan for Tunstall. Councillors agreed that this would be an ideal opportunity to enhance and provide improvement to the village. The Council resolved that a Neighbourhood Plan should be developed.

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 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). 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.

2.9 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.

2.10 The Council reviewed and adopted the Freedom of Information Procedure and Publication Scheme at its meeting on 20 February 2024 to assist compliance with the Freedom of Information legislation.

2.11 The Council maintains a wide range of other formal policies and procedures. These include the Equal Opportunities Policy and the Grievance Policy and Procedure which were reviewed and adopted by the Council on 20 February 2024.

2.12 The Council also has a Grants Awards Policy, Health and Safety Policy, Child Protection and Safeguarding Policy, Formal Complaints Procedure, Disciplinary Procedure, Expenses Policy, Sickness and Absence Policy, Public Participation Protocol and Publication Scheme all of which have been published on the Council's website. The Clerk/RFO confirmed that the Council's published Policies, Procedures and Protocols, including all Data Protection documents, are being reviewed to ensure they are up to date, reflect current legislation and are fit for purpose and re-published under the name and contact address of the current Clerk/RFO where necessary.

2.13 The Council reviewed and re-adopted the LGA Model Councillor Code of Conduct at its meeting on 20 February 2024. A copy of the Code has been published on the website.

2.14 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. Some minor issues arose (regarding the identification of VAT in the accounts) which the Clerk/RFO agreed to address.

3.3 Relatively small amounts of VAT are paid in each year and 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.

Recommendation 1: HMRC normally apply a 3-year limit on reclaims for VAT paid and accordingly all reclaims to HMRC should be submitted within that 3-year period. (The Clerk/RFO confirmed that a reclaim has been submitted to HMRC following the draft audit report being issued).

3.4 A Statement of Explanation of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) has been prepared

by the Clerk/RFO for submission to the External Auditors and 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 28 September 2023 (Minute 11 refers) as part of the Quarterly Review of Internal Controls. However, the Clerk/RFO advised the Internal Auditor that no reports were submitted to the Council in this respect during 2023/24.

4.2 At the meeting on 30 January 2024 the Council agreed that the reserves held in the building society account for the MUGA (£2,000) should be moved to the Community Hall to reflect the change in responsibility for the MUGA. The Clerk/RFO confirmed to the Internal Auditor that Nat West MUGA bank account was due to be closed in the year and transferred to the Tunstall Community Hall.

4.3 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.

4.4 The bank balances brought into account as at 31 March 2024 were as follows:

Barclays Business Current A/C:	£10,584.28	* see Note 1
IBS (SBS) Savings Account:	£4,754.05	* see Note 2
IBS (SBS) Tunstall Common A/C:	£80,089.86	* see Note 3

* Note 1: The Bank Balance was as at 31 March 2024. Unpresented cheques as at 31 March 2024 amounted to £223.39 being Cheques 101268 (£187.39) and 101302 (£36.00).

* Note 2: The Building Society passbook was made up to 15 March 2024 and displayed a balance of £4,754.05

* Note 3: The Building Society passbook was made up to 14 December 2023 and displayed a balance of £80,089.86.

4.5 At the meeting on 14 March 2024 the Council discussed a move to online banking and agreed to apply to Lloyds Bank, which the Clerk/RFO advised was accepting new applications for parish council accounts.

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 and were found to be in order.

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's Risk Assessment (Financial) and Risk Assessment (Non-Financial) were reviewed and approved by the Council at its meeting on 14 March 2024 (Minute 12 refers). 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 taken to address any identified weaknesses.

6.2 The Council's Risk Assessment (Catchment Pit) was also reviewed and approved by the Council at its meeting on 14 March 2024 (Minute 12 refers).

6.3 It is considered that 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.

6.4 A Statement of Internal Control is in place. A copy has been published on the website and is notated as being approved and adopted by the Council on 14 March 2024.

6.5 David Bracey undertook a play area inspection at the Playing Field on behalf of the Parish Council during the 2023/24 as part of the overall risk management arrangements in place. There is a standing agenda item for 'Recreation Ground/Community Hall' under which maintenance and other risk management issues at the Play Park are considered and addressed.

6.6 At its meeting on 13 July 2023 the Council agreed to have a separate meeting on 18 July 2023 to discuss the latest Play Inspection Report.

6.7 At the meeting on 14 March 2024 the Clerk/RFO reminded Councillors that inspections of the children's play area are organised and paid for by the Parish Council as per the management agreement. The quotation for the annual inspection for the children's play area had been circulated to all Councillors prior to the meeting and was accepted by the Council.

6.8 Insurance was in place for the year of account. The Council's Policy runs from 1 June 2023 to 31 May 2024. At the meeting on 28 June 2023 the Council approved the payment of £641.56 insurance renewal premium to BHIB Insurance Brokers. From 1 June 2024 the Council has insurance cover with Clear Councils (Clear Insurance Management Ltd) which is underwritten by Aviva Insurance Ltd. Employee Liability cover and Public Liability cover are £10m each and Fidelity Guarantee cover stands at £250,000, which meets the 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 2023/24: £10,251.03

Precept 2024/25: £10,341.97

7.1 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).

7.2 A Draft Budget 2024/25 was discussed and accepted by the Council at its meeting on 30 January 2024. The Council also confirmed the Precept for the year 2024/25 was set at £10,341.97 (Minute 14 c refers). The Precept decision and the amount of the Precept are clearly displayed in the Council's Minutes to ensure transparency in the amount to be levied upon local taxpayers.

7.3 Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

7.4 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.

7.5 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.

7.6 At its meeting on 30 January 2024 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 to the Hall's Trustees (Minute 14e refers).

7.7 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).

7.8 The Overall Reserves as at 31 March 2024 totalled £95,204.80, of which the Clerk/RFO confirmed £82,839.86 was Earmarked as follows:

a) Tunstall Common Work:	£80,089.86
b) Emergency Staffing Cover:	£1,000.00
c) Legal Costs:	£1,000.00
d) CCTV installation:	£750.00

7.9 General Reserves (Overall Reserves less Earmarked Reserves) were accordingly £12,364.94, which marginally exceeded the amount of the Precept value envisaged in the Council's General Reserves Policy.

7.10 As at the 31 March 2024 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 of £29,609.99 recorded in the Cashbook consisted of Precept (£10,251.03), Rural Payments Agency (£6,736), Building Society Interest (£2,006.03), Bank Interest (£149.08), National Lottery Grant (£9,999), Donations (£350) and UK Power Networks (Wayleave) (118.85).

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.

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 23 November 2023 the Council agreed to apply the 2023/24 national pay award for local government officers to the Clerk/RFO's salary (Minute 12c 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 4 August 2023. (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 14 March 2024 (Minute 12 refers). A copy of the Asset and Responsibility Register has been published on the Council's website.

11.2 The total value of £150,162 as at 31 March 2024 is a reduction of £14 from the value of £150,176 as at the end of the previous year, 31 March 2023 and reflects the removal of some village planters.

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 to be placed in Box 9 of the AGAR 2023/24.

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.

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.

12.5 The audit identified that Cheque Book counterfoils are not being initialled by Cheque Signatories in all cases (contrary to the requirement of Financial Regulation 6e):

Recommendation 2: To comply with Financial Regulation 6e, all Cheque Signatories should initial the cheque counterfoils in each case to indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation.

12.6 The Internal Audit Report for the previous year (2022/23) was received and accepted by the Council at its meeting on 13 July 2023 (Minute 15b refers).

12.7 The Internal Auditor for the 2023/24 year was appointed by the Council at the meeting held on 11 May 2023 (Minute 7e 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 2022/23. At its meeting on 13 July 2023 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 2023/24 the Council is required to receive an External Audit (a Limited Assurance Review) by PKF Littlejohn LLB as the higher of gross income or gross expenditure exceeded £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 (by 1 July each year):

- a) All items of expenditure above £100:
[Published on the website within published Minutes.](#)
- b) Annual Governance Statement, AGAR, Section One:
[2022/23 published on website.](#)
- c) End of year accounts, AGAR, Section Two:
[2022/23 published on website.](#)
- d) Annual Internal Audit report within AGAR:
[2022/23 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](#)
- g) Minutes, agendas and meeting papers of formal meetings:
[Published on the website.](#)

14.4 The Council did not comply fully with the requirements of the Transparency Code because the Annual Governance and Accountability Return (AGAR) was not published by the 1 July 2023.

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 able to confirm that the document for the year 2022/23 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. The Regulations require the inspection period to include the first 10 working days of July each year. The Council's date of commencement was the 19 July 2023 and accordingly did not comply with the Regulations.

14.6 The publication requirements were not met because of the significant delay in the Council's Bank providing Statements from which the accounts for 2022/23 could be prepared, approved and published.

14.7 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 being easily accessible on the Council's website at the time of this current audit.

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

27 May 2024