

Internal Audit Report for Three Saints Parish Council for the period ending 31 March 2024

Clerk	Sally Chapman
RFO (if different)	
Chairperson	John Flatt
Precept	£ 3,300.00
Income	£ 4,294.62
Expenditure	£ 4,568.01
General reserves	£ 1,687.83
Earmarked reserves	£ 4,678.27
Audit type	Internal – Annual
Auditor name	Karen Hall-Price

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- the integrity and reliability of information, accounts, and data

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2023/24 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

Section 1 – proper bookkeeping		
The internal auditor will look at the methods and processes used to manage the council's accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
Evidence		Internal auditor commentary
Is the ledger maintained and up to date?	Yes	<p>The council uses excel spreadsheets to produce reports on a Receipts and Payments basis and ensures that the financial transactions of the parish council are as accurate as reasonably practicable. All transactions are well referenced and provide an effective tool for the basis of the council's internal controls</p> <p>The council uses a computerised cash book spreadsheet that is well maintained and accurate. The ledger and minutes clearly evidence the council is operating within its mandate.</p>
Is the ledger on the correct basis in relation to the gross income/expenditure?	Yes	The accounts are prepared on a receipts and payments basis.
(under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)		

<i>Is the cash book up to date and regularly verified?</i>	Yes	Council follows Proper Practices in ensuring to produce clear financial management information to the Council throughout the year which is referenced providing evidence to support the Council's underlying accounting statements.
<i>Is the arithmetic correct?</i>	Yes	Spot checks were made and all found to be in order and correct.
Additional comments:		

Section 2 – Financial Regulation and Standing Orders The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Standing Orders, as seen on the Parish Council's website, show an adopted date of 12 th September 2018 with a review date annually the last being done 13 th March 2024. Council's Orders, are based on the latest model published by the National Association of Local Councils (2018) and contain the provisions of the Model Councillor Code of Conduct as adopted by the Council. The Standing Orders are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the Parish Council.
Are Financial Regulations up to date and reviewed annually?	Yes	Financial Regulations (FR), as seen on the Council's website show they were adopted on 11 th March 2020 with annual review date as above on 13 th March 2024. They are based on the NALC Model Financial Regulations 2019 with provisions for the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21 st December 2022 and make the changes to the contract value limits from £25,000 to £30,000 for non-central government authorities.
Has the Council properly tailored the Financial Regulations?	Yes	The Regulations have been tailored to the parish council but could be edited further to remove any items within the financial regulations that are not covered or agreed.

Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. This was reconfirmed by the review and update of the Financial Regulations at the meeting of the Parish Council on 13 th March 2024.
Additional comments:		

Section 3 – Payment controls The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	A selection of expenditure items were made and cross-checked against the cash book, invoices and bank statements. At each full council meeting a list of payments is presented to ensure formal approval of expenditure and this is correctly minuted. This demonstrates good practice in that there are measures in place that help safeguard public money supported by a straight forward and clear audit trail for each payment.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet banking is operated in accordance with the Council's own Financial Regulations and online banking policy adopted on 13 th March 2024.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is identified in the cash book with the reclaim for the period covering the year 2022-2023 in the sum of £115.96 being verified in the cashbook and bank statements as received on 01/04/23. Total VAT received within the year of £115.96. Identified in the cash book and the claim for the period under review in the sum of £159.23 dated 31/03/24 reflects the year-end position and shows as not submitted for claim yet.

Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	The Council shows contributions made under S137 clearly. All payments under this power are listed on the parish council website. A total of £266.76 was used for payments under this power for the financial year under review.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	The council has no such loans for the period under review.
Additional comments:		

Section 4 – Risk management The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		
Evidence		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	The risk assessment documentation as reviewed provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The Risk Register for the year under review was adopted by full Council on 8 th November 2017 and is reviewed annually. It was last reviewed at its meeting of 13 th March 2024.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	Council is aware that risk assessment needs to focus on the safety of the parish council's assets and in particular its money. There is evidence that overall the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.
<i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i>	Yes	General Insurance is in place under an Ansvar Commercial Policy Schedule and shows core cover including Business Interruption, Public Liability and Employer's Liability of £10m. Fidelity Guarantee Cover is £25,000 which is within the recommended guidelines of the Council's balance at 31/3/23 + the annual precept. Council reviewed its current insurance cover and policy at the meeting of 13 th September 2023.

<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	At the meeting of 13 th March 2024 the council reviewed and approved the following Policies and Statutory Documents. All of which are available on the parish council website. a) Asset Register b) Code of Conduct Policy c) Data Protection Regulations Policy d) Data Retention and Disposal Policy - New e) Financial Regulations Policy – updated f) Financial Reserves Policy - New g) Freedom of Information & Publication Scheme Policy h) Internal Control Statement i) Online Banking Policy - New j) Parish Council Risk Assessment k) Standing Orders Policy – update
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	Yes	The effectiveness of the internal audit was discussed at the 24 th May 2023 meeting with a list of recommendation actions to be presented at the July meeting. They also agreed at this meeting to appoint the internal auditor for the financial year 23-24.
Additional comments:		

Section 5 – Budgetary controls

The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed

Evidence		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for 2023 / 2024 was set and agreed at the full council meeting of 9 th November 2022.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The Precept of £3,300 for the year under review was agreed at the 9 th November 2022 meeting.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	The Council receives a financial and budget report at each meeting and this is recorded in the minutes
<i>Reserves held – general and earmarked⁶</i>	Yes	Councils year end accounts show general reserves in the sum of £1,687.83 with earmarked reserves in the sum of £4,678.27. No funds for CIL are currently being held.
Additional comments:		

Section 6 – income controls		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
Evidence		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	Yes	Expected income was received, properly recorded and promptly banked. Income is recorded in accordance with Council's Financial Regulations. A number of income items were cross checked against the cash book and bank statements and found to be in order.
<i>Is income reported to full council?</i>	Yes	All income received by the parish council is reported as part of the Financial Reports submitted by the RFO. The RFO ensures that monies received are promptly banked
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The council received precept of £3300 during the year under review. Comment: Evidence was provided showing a full audit trail from Precept being discussed and approved to remain unchanged from the previous year at the meeting of 9 th November 2022 served on the Charging Authority East Suffolk Council to receipt of same in the Council's Bank Account on 28 th April 2023.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?</i>	Yes	Council received no CIL funds during the year under review. In accordance with the 2010 Regulations, the Council having received a proportion of CIL

<i>Is CIL income reported to the council?</i>	Yes	funds previously has ensured that retained balances were transferred into the Earmarked Reserve specifically allocated. Comment: Council have noted its duty to comply with the CIL Regulations to produce an annual report that details the amount of CIL funds received, spent and retained for each financial year until the funds are totally expended. Report for 2023-2024 is available on the parish council website
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	
<i>Has an annual report been produced?</i>	Yes	
<i>Has it been published on the authority's website?</i>	Yes	
<i>Additional comments:</i>		

Section 7 – petty cash		
The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	No petty cash is held
<i>If appropriate, is there an adequate control system in place?</i>	N/A	
Additional comments:		

Section 8 – Payroll controls	
The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.	
Evidence	Internal auditor commentary

<i>Do all employees have contracts of employment?</i>	Yes	Council had 1 employee on its payroll at the period end of 31st March 2024. Employment contracts were not reviewed during the internal audit but confirmed by the clerk that contracts of employment are in place. All salary payments are authorised by full council. Clerk confirmed no payslips are printed but a P60 was evidenced. Comment: in accordance with Proper Practices, Council has ensured that the remuneration payable to all employees has been approved in advance by the Council.
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	Yes	
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	The payroll function is operated in accordance with HM Revenue and Customs guidelines. P60 evidenced.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function for the year under review was carried out and is operated in accordance with HM Revenue and Customs guidelines
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Yes	Inline with their pension responsibilities the Council has completed a re-declaration of compliance with regards to automatic enrolment duties in S
<i>Have pension re-declaration duties been carried out</i>	Yes	Reported by Clerk that the re-declaration was completed on 6 th September 2023, however this has not been recorded within the minutes.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All payments are reasonable and approved by full Council.
Additional comments:		

Section 9 – Asset control

The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.

Evidence		Internal auditor commentary
<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i>	Yes	The Council's assets are properly maintained and efficiently managed. The Asset Register was reviewed during the Internal Audit for year-end and accurately reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end (31.03.2024) was £11,664. The register has been updated with any additions or disposals during the year and represents an increase of £283 for the new handrail installed in March 2024. Comment: Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2019 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied and if/where amended, it will need to publish and provide explanations in changes in value to any previously recorded assets
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	
<i>Are records of deeds, articles, land registry title number available?</i>	N/A	
<i>Are copies of licences or leases available for assets sited at third party property?</i>	N/A	
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The Asset Register value has been stated on the Annual Governance and Accountability Return (AGAR) and was updated in March 2024.
<i>Cross checking of insurance cover</i>	Yes	The Council compared the asset register with their insurance schedule to ensure that all assets as recorded are appropriately insured. A number of items as listed under the Asset Register were reviewed against items under insurance and cover was deemed to be appropriate.
Additional comments:		

Section 10 – bank reconciliation	
The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.	
Evidence	Internal auditor commentary

<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	Bank reconciliations are included within the Financial Reports noted in the minutes for each meeting.
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with supporting period end statements and as at 31st March 2024 stand at: £6,366.10 across all accounts held by the Council
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Bank balances are included within the financial reports received by the Council at each meeting. Bank account change to Unity Trust account effective from 25 th January 2024.

Section 11 – year end procedures		
Evidence		Internal auditor commentary
<i>Are appropriate accounting procedures used?</i>	Yes	Accounting statements prepared during the year are produced on a Receipts and Payments basis and agree to the cashbook. All were found to be in order
<i>Financial trail from records to presented accounts</i>	Yes	There is a clear audit trail from the financial records held to the presented accounts.
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	As Council is a smaller authority with gross income and expenditure not exceeding £25,000 it has completed Part 2 of the AGAR.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	Yes	As the Parish Council had gross income and expenditure not exceeding £25,000 it was able to declare itself exempt from a limited assurance review. The Council approved the Certificate of Exemption at their meeting on 24/05/23, which was before the deadline of 30/6/2023. The Certificate has been published on the Council's website.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	Yes	The Internal Auditor was able to confirm the details of the arrangements for the exercise of public rights for the period ending 31st March 2024 from 3/6/24 to 12/7/24.
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	The Council has complied with the requirements of the regulations for smaller authorities with income and expenditure not exceeding £25,000 and published the following on their public website.

		Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statement of the AGAR Section 3 – The Certificate of exemption Notice of the period for the exercise of public rights and other information required by Regulation 15 (2). Accounts and Audit Regulations 2015.
Additional comments:		

Section 12 – internal audit The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The Internal Auditor's Report for the year ending 31st March 2023 was considered and accepted at the meeting of the Parish Council on 24 th May 2023 and action points were considered at the July meeting.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	Internal Audit recommendations and comments were considered and actioned following the 12 th July 2023 meeting. The recommendations to be compliant with GDPR for the subject access request policy and procedure policy were adopted in March 2024 and are found on the parish council website.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	SALC were appointed the Council's Internal Auditor at a meeting of full Council on 24 th May 2023
Additional comments:		

Section 13 – external audit for the period under review The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.	
Evidence	<i>Internal auditor commentary</i>

<i>Has the Council considered the previous external audit report?</i> ¹²	N/A	The Council declared itself exempt from an external audit. Agreed at the 24 th May 2023 meeting.
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	
Additional comments:		

Section 14 – additional information The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
Evidence		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> ¹³	Yes	The Annual Meeting of the Parish Council was held on 24/5/23 with the first item on the agenda being the election of the Chairman in accordance with the Local Government Act of 1972 Schedule 12, paragraph 7(2) and Schedule 15(2).
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴	Yes	The Council's minutes are well presented and provide clear evidence of the decisions taken by the Council during the year. The minutes were not seen as a virtual audit was carried out. Full Council minutes clearly document the approval of the previous minutes and that they are duly signed. Apologies for absence were received and accepted (if appropriate).
<i>Is there a list of members' interests held?</i>	Yes	Members interests are listed on the District Council's website with a link available on the parish council website under Councillors.
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	The Council does not have any Trustee responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Yes	To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), Council has published the following information on a public website for the year 2023/24: Internal Audit Report List of Councillors and Responsibilities Items of Expenditure Above £100 including recoverable and non-recoverable VAT (published within the minutes of the meeting) End of Year Accounts Annual Governance Statement Details of Public Land and Building assets / asset register and that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency code for smaller authorities – December 2014.

Has the Council registered with the Information Commissioner's Office (ICO)? ¹⁵	Yes	The Council is registered with the Information Commissioner's Office (ICO) as a Data Controller. Under the data Protection Act 2018 and Registration ZA362897 refers expiry date of 21/05/24
Is the Council compliant with the General Data Protection Regulation requirements?	Yes	Council has taken steps to ensure compliancy with the GDPR requirements and is aware that this should be monitored at all times to ensure compliancy. The Council's Privacy Notices were seen on the parish council's website. Council has completed the following documents which are also available to view on the Council's website: Data Protection Policy, General Data Protection awareness checklist for Councillors.
Has the Council published a website accessibility statement on their website in line with Regulations? ¹⁶	Yes	Council has published on its website a website accessibility statement - Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No2) Accessibility Regulations 2018
Does the council have official email addresses for correspondence? ¹⁷	Yes	In line with the Practitioners Guide, the Council has an official email address for correspondence threesaintssouthelmhampc@gmail.com but Cllrs do not have official email addresses.
Is there evidence that electronic files are backed up?	Yes	Confirmed as part of the internal audit that files are backed up onto both a data stick and cloud based system.
Do terms of reference exist for all committees and is there evidence these are regularly reviewed?	N/A	Council does not operate with a committee system.
Additional comments:		

Signed: *Karen Hall-Price*

Date of Internal Audit Visit: N/A

Date of Internal Audit Report: 13th May 2024

On behalf of Suffolk Association of Local Councils