

## **Report to Thurston Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2022**

#### **1. Introduction and Summary.**

1.1 The Internal Audit work undertaken confirmed that during the 2021/22 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.

1.2 The Council exercises strong governance including a strategic 3-year Business Plan (currently in place for the period May 2021 to May 2024) with measurable objectives. The Council places emphasis upon transparency of its financial operations with detailed and up-to-date information on income and expenditure, accounts and budgets, procurement information, policies and procedures and operational structure published on the Council's website.

1.3 The Council displays many examples of good financial practice and continues to prioritise the maintenance of a high standard of financial management and control. Appropriate formal Policies, Procedures and Protocols have been adopted by the Council and these provide a solid foundation for the continuing operation of strong financial administration.

1.4 By examination of the 2021/22 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.

1.5 The Accounts for the year confirm the following:

*Total Receipts for the year: £446,737.07*  
*Total Payments in the year: £282,175.32*  
*Total Reserves at year-end: £370,919.86 (all of which is earmarked/restricted)*

1.6 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 Accounting Statements 2021/22 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £206,358</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £105,864</i>
<i>Total Other Receipts:</i>	<i>Box 3: £340,873</i>
<i>Staff Costs:</i>	<i>Box 4: £61,597</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £220,578</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £370,920</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £370,920</i>
<i>Total fixed assets:</i>	<i>Box 9: £263,245</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.7 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 2021/22 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 scope approved by the Council. 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 5 May 2021. The first item of business was the Election of a Chair, as required by the Local Government Act 1972. The meeting was held virtually via Video Conferencing as permitted in the Local Authorities and Police Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Meetings) (England and Wales) Regulations 2020.

2.2 The Membership and Terms of Reference for the Council's Committees (the Policy and Resources Committee, Planning Committee, Recreational Facilities Committee, Climate Awareness and Environment Committee, and Emergency Planning Committee) were reviewed and approved by the Council at its meeting on 5 May 2021. The appointment of Councillors to Representative Bodies was also agreed at the meeting. Due to the low numbers of serving Parish Councillors, at its meeting on 20 October 2021 the Council revised the membership and Terms of Reference for some its Committees and disbanded the Emergency Plan Committee, bringing matters direct to the Full Council.

2.3 The Council has previously agreed the powers specifically delegated to the Clerk/RFO under the Scheme of Delegation in place. At its meeting on 18 February 2022 the Policy and Resources Committee agreed that the powers approved during 2020 should be readopted with one amendment to provide conformity with the Council's Financial Regulations concerning transfers within bank accounts held by the Council.

2.4 Standing Orders were reviewed and approved by the Council at its meeting on 4 August 2021 (Minute 8b refers). The Standing Orders reflect the latest model standing orders and guidance issued by the National Association of Local Councils (NALC). Further amendments to Standing Orders were considered and agreed by the Council on 2 March 2022 (Minute 8b).

2.5 Also at the meetings on 4 August 2021 and 2 March 2022 the Council reviewed and approved the Financial Regulations, which reflect the latest model Regulations and guidance issued by NALC.

2.6 The Council works within the Thurston Neighbourhood Development Plan (NDP) which sets the vision for Thurston until 2036. The local referendum took place on 12 September 2019 and the NDP was approved by voters. Details of the referendum and the NDP have been published on the Council's website. On 24 October 2019, Mid Suffolk DC adopted the NDP, which now carries full weight in terms of the Joint Local Plan and a material consideration in all planning matters for Thurston.

2.7 The Council maintains a rolling 3-Year Business Plan which details the Council's overall vision and objectives, strategic planning, key projects, communication and engagement, a listing of specific actions with measurable outcomes and areas of active involvement. At its meeting on 7 July 2021 the Council reviewed and adopted the Plan (Minute 8b refers).

2.8 The Council reviewed and adopted an Engagement Strategy for 2021/22 at the meeting on 2 June 2021 (Minute 8a refers).

2.9 The Council continues to apply the General Power of Competence (GPoC) which was adopted at the meeting on 8 May 2019, the Council having been eligible to exercise this as at least 2/3rds of the total number of councillors were elected at the ordinary election on 2 May 2019 and because the Clerk holds the Certificate in Local Council Administration (CILCA). Having met the conditions, the Council noted that it was eligible to use the GPoC for the next four years (Minute 11b refers).

2.10 The Council's Minutes are comprehensive and very well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered. During the period of time in 2021 when meetings were being held through video-conferencing, the Council provided delegated authority to the Chair to sign the Minutes outside of the meeting.

2.11 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 ZA027284 refers, expiring 12 November 2022).

2.12 In response to the requirements of the General Data Protection Regulations (GDPR) the Council maintains appropriate Data Protection policies and procedures including a Data Protection Policy, the Document and Electronic Data Retention Policy, General Privacy Notice and Privacy Statement, an Information Security Policy

and a CCTV Policy. Details regarding the lawful basis for processing data are published on the Council's website.

2.13 The Council has a Freedom of Information Act (FoI) Publication Scheme in place as part of the procedures to assist in the Council's compliance with FoI legislation.

2.14 The Council continues to regularly receive reports from the Clerk/RFO regarding the amounts held under the Community Infrastructure Levy (CIL) Reserve and considers allocation against projects as identified in the Parish Infrastructure and Investment Plan (PIIP). The Council continues to review the projects identified to ensure that costings are realistic and of benefit to the community.

2.15 In accordance with the Localism Act 2011 sections 26 to 37, the Council adopted the revised Suffolk Local Code of Conduct at a meeting held on 2 July 2014 (Minute 7a refers).

2.16 A Website Accessibility Statement has been published on the Council's website to assist compliance with the website accessibility regulations which came into effect from September 2020 and confirms that the website had been tested in September 2020 by the Clerk/RFO using a non-technical/basic test.

### **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 RBS Rialtas 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 2021/22 End-of-Year accounts.

3.2 Payments made in 2021/22 were checked by the Councillor Internal Controller with supporting invoices/vouchers during the quarterly internal audits undertaken.

3.3 A sample of transactions, alongside their supporting invoices and vouchers, was examined by the Internal Auditor during this End of Year Audit and all was found to be in order.

3.4 Re-claims for VAT paid have been regularly submitted to HMRC. Amounts received in the year from HMRC were as follows:

- a) £6,956.06 VAT paid in the period March 2021 to July 2021 was received at bank on 5 October 2021.
- b) £8,077.57 VAT paid in the period August 2021 to December 2021 was received at bank on 25 January 2022.
- c) £3,606.29 VAT paid in the period January 2022 to March 2022 was submitted to the HMRC on 8 April 2022.

d) The £331.50 VAT paid by the Thurston Recreation Ground Trust Charity in the period July 2020 to June 2021 was received at bank on 6 August 2021

3.5 The End-of-Year Accounts and supporting documentation were extremely well presented for the Internal Audit review.

3.6 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2022 has been prepared by the Clerk/RFO. The Report will be reviewed by the Clerk/RFO to ensure that the balance retained at the year-end displayed in the Report (with the addition of CIL allocated but not spent) reconciles with the total Restricted Reserves of £354,188.

3.7 The Council has comprehensive documentation and financial data in place. A Statement of Variances (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) has been prepared by the Clerk/RFO.

3.8 During the year 2021/22 the Council looked to form a partnership with the Parochial Church Council (PCC) in the production of a Thurston Community Newsletter. The September 2021 edition was the first partnership working edition. At its meeting on 1 September 2021 the Council received an update on the setting up of a dedicated bank account to deal with the finances connected to the newsletter. The Council was advised that due to the current size of the Council's bank account, the Clerk/RFO was unable to set up an account linked to the Council's existing ones that would operate free of charge. The Clerk had sought to set up a new account with new providers but given the Council's level of income all new accounts would be subject to monthly charges along with ongoing service charges. The Council agreed that as a community asset, the Community Newsletter should not be subject to such charges and that an alternative way of managing the finances should be sought. The Council approved the use of the Council's Current Account to deal with the finances of the newsletter, ensuring that at all times the finances are segregated from Council's main expenditure and allocated against a separate Earmarked Reserve. The Council was in agreement that this course of action be approved, and that the internal auditor be asked to provide an opinion during the carrying out of the internal audit on the year ending 31 March 2022.

3.9 At its meeting on 6 October 2022 the Council noted that the partnership was working well and that the new editorial and advertising policies were fully implemented. The Clerk/RFO advised Councillors that the Council was now handling the finances of the newsletter in its entirety and that any prepaid sums of money for advertising would be handed over to the Council by the PCC.

3.10 The Internal Auditor confirmed that the accounting package used by the Council in producing the accounts provide for the allocation of funds and expenditure to separate cost and nominal codes, that the information was being extracted on a monthly basis and all relevant information and data was being reported to the Council and appropriately recorded in the End of Year Accounts. Whilst it is good practice to maintain a separate bank account for such ventures (in a similar way as Best Practice requires a separate Bank Account for a Charity for which the Council is Sole

Trustee) the Clerk/RFO is managing the arrangements within the Council's accounts satisfactorily.

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

4.1 At its meeting on 18 February 2022, the Policy and Resources Committee reviewed the Council's Financial Risk Assessment 2021/22, the Risk Management Strategy 2021/22 and the effectiveness of Internal Control arrangements.

4.2 The Policy and Resources Committee also reviewed at its meeting on 18 February 2022, the effectiveness of the Internal Audit carried out for the previous year and the proposed coverage for 2021/22. The scope of the review covered independence, competence, relationships and audit planning.

4.3 At its meeting on 3 March 2022 the Full Council noted that the year-end pre-audit Internal Control and Risk Management procedures had been carried out by the Policy and Resources Committee at its meeting on 18 February 2022 (Minute 8a refers).

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

4.5 The Council demonstrates good financial practice by considering a Quarterly Internal Control Report, prepared by a designated Councillor and reported to Full Council in order to regularly confirm that internal controls are effective and to consider any points arising. At its meeting on 5 May 2021 the Council received the Internal Control Review Report from the nominated Councillor for the First Quarter of 2021/22. Similarly, the Council received the Second Quarter Review on 4 August 2021, the Third Quarter Review on 3 November 2021 and the Final Quarter on 2 March 2022.

4.6 As a smaller local council Thurston Parish Council may benefit from the provisions of the Financial Services Compensation Scheme (FSCS) which provides that up to £85,000 will be automatically compensated per bank and building society. The Council currently holds some £370,000 with Lloyds Bank and accordingly would only be compensated to £85,000 in the event of having to call upon the FSCS.

**Recommendation 1: As part of the routine review of Risk Management procedures the Council should examine the risks involved in holding sums with one bank account and consider the costs/benefits of placing funds within a range of accounts to secure maximum protection under the Financial Services Compensation Scheme.**

4.7 Insurance was in place for the year of account. The Clerk/RFO reported to the Policy and Resources Committee on 17 September 2021 that RSA Insurance was unable to honour its 3-year long-term agreement which was due to continue until 30 September 2022. The Committee approved a change in insurance provider.

4.8 At its meeting on 6 October 2021 the Council noted that, in accordance with Financial Regulations, the Clerk/RFO had carried out the annual review of the record of all insurances effected by the Council and the property and risks covered and confirmed that there was adequate protection to help manage the risks associated with the Council's operations. The Clerk/RFO advised the Council that a new 3-year long-term undertaking with Zurich Municipal Insurance had been arranged. The Council approved the payment of £1,311.01 as the premium for 2021/22.

4.9 The Council's Employer's Liability insurance cover is £10m and the Public Liability cover stands at £12m. The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £500,000 which meets 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.

4.10 An important area of risk management within local councils concerns the adequate maintenance of play equipment. In this respect the Recreational Facilities Committee receive and consider matters on the Monthly Risk Assessment Reports for play areas and agree any appropriate action arising. On 5 May 2021 the Council instructed Kompan to undertake operational inspections for its play equipment in 2021/22 (Minute 13m refers). In addition, the Mid Suffolk District Council undertook an Annual RoSPA Play Inspection in 2021.

## **5. Policies and Procedures in place**

5.1 The Council has a wide range of formal policies and procedures in place, in addition to those in compliance with the GDPR and FoI, to assist good governance and management, including the Procedure for Handling Requests for Information, Accident Policy and Procedures, Equality and Diversity Policy, Health & Safety Policy, Reserves Policy, Grant Awarding Policy, CIL Grant Awarding Policy, Dispensation Policy, Training & Development Policy, Lone Worker Policy, Travel and Expenses Policy, Protection of Children and Vulnerable Persons Policy, Volunteer Policy, Social Media Policy, Playground Risk Management Policy,

5.2 A wide range of policies are in place for Members of Staff including Anti-Harassment and Bullying Policy. Anti-Bribery and Corruption Policy, Disciplinary Procedure and Disciplinary Rules, Grievance Policy, Sickness and Absence Policy, Whistleblowing Policy, Staff Appraisal Policy, Flexible Working Policy, IT and Electronic Communication Policy and Holiday Policy.

5.3 The Policies and Procedures are available for public inspection on the Council's webpage <https://thurstonparishcouncil.uk/parish-council/policies-procedures-and-strategy/> together with information relating to the Business Plan, Community Engagement, GDPR and Openness of Local Government Bodies Regulations 2014.

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5.4 The Council and the Policy and Resources Committee continued to undertake regular reviews of its Policies, Procedures and Protocols during 2021/22. At its meeting on 18 February 2022 the Committee undertook a review of the full range of Policies and Procedures and noted that apart from the Protection of Children and Vulnerable Persons Policy, there were no amendments due to any of the policies under review other than changes to the review dates. The Committee similarly noted that there were no changes to the Strategies, Protocols and Meeting Notices (apart from annual review dates) and that all the documents had been uploaded to the Council operated website. The Full Council noted the work undertaken by the Committee in this respect at the meeting on 2 March 2022.

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

Precept 2021/22: £105,864 (13 January 2021, Minute 11g).

Precept 2022/23: £125,480 (12 January 2022, Minute 11h).

6.1 Good budgetary procedures are in place. The Council considered a Draft Budget for 2021/22 at its meeting on 2 December 2020 and reviewed and finalised the Budget for that year at its meeting on 13 January 2021. The Council resolved to set a Precept of £105,864 to fund the budget of £145,760.

6.2 The Policy and Resources Committee considered a Draft of the Budget for 2022/23 at its meeting on 19 November 2021 and agreed to put recommendations before the Council. The Full Council considered the Draft 2022/23 Budget at its meeting on 1 December 2021 and reviewed and finalised the Budget at its meeting on 12 January 2022. The Budget was set as £167,780, to be funded by the Precept £125,480, Cleansing Grant £3,000 and CIL Reserves (PCSO Contract) £39,300.

6.3 The Precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Council prepared detailed estimates of the annual budget and of receipts and payments.

6.4 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.5 The Council demonstrates good financial practice by regularly considering a comparative statement – the Budget to Actual Statement – for budgetary control purposes. Variances in the actual versus expenditure are noted and explanations provided for the variances in expenditure to actual and income to actual. The Budget to Actual monitoring report for the 1<sup>st</sup> Quarter ending 30 June 2021 was presented to the Council on 4 August 2021.

6.6 Similarly, at its meeting on 6 October 2021 the Council received the budget to actual statements for quarter ending 30 September 2021 including aggregate receipts and payments The Council received explanations for any variances over

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cost codes and a breakdown of reserves held. Up to date Bank Reconciliations are similarly presented to Council for approval.

6.7 The Council's Reserve Policy was reviewed by the Policy and Resources Committee on 18 February 2022, when it was agreed that the spent General Reserves should be replaced over a reasonable period of time (Minute 4f refers).

6.8 Overall Reserves available to the Council at the year-end 31 March 2022 totalled £370,920 of which £16,732 is Earmarked and £354,188 is CIL Monies Restricted Reserves leaving £0 as a General Reserve.

6.9 Whilst there were no General Reserves available as at 31 March 2022 (and accordingly significantly less than the generally accepted Best Practice position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure) the Council has since received 50% of the 2022/23 Precept, further CIL Receipts and VAT reimbursements which in total amount to approximately £109,000, some of which the Clerk/RFO has confirmed is being held as contingency sums to meet any unforeseen items of expense that may occur.

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

7.1 Receipts are reported routinely to the Council at each meeting under the standing agenda item of Financial Matters. Income controls were examined on a test-check basis. Income received and recorded in the Cashbook was cross referenced on a sample basis with the bank statements and found to be in order.

**8. Petty Cash (*Associated books and established system in place*).**

8.1 No Petty Cash is held; an expenses system is in place.

8.2 A Lloyds Bank Business Credit Card is being used by the Clerk/RFO and transactions are routinely examined by the Councillor Internal Controller as part of the routine examination of internal controls.

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

9.1 PAYE is operated in accordance with HMRC regulations. Regular payments have been made to HMRC and detailed pay slips are produced for the Council employees. The HMRC End of Year Certificates P60 were presented to Internal Audit.

9.2 At its meeting on 2 June 2021 the Council considered the increase of a salary increment to be paid to the Clerk/RFO following the annual appraisal and agreed to

increase the Clerk/RFO's salary scale by one incremental point (to SCP 35), backdated to 1st April 2021.

9.3 The Policy and Resources Committee considered and approved the financial reimbursement to the Clerk/RFO of the holiday untaken during 2020/21 & 2021/22 and agreed the request for the holiday untaken to be funded in full (Minute 5b refers).

9.4 At its meeting on 13 January 2021 the Council formally approved the appointment of a Deputy Clerk to the Parish Council for a minimum of 15 hours per week at the NJC Pay Scale LC2 (18-23).

9.5 On the Council noted the National Salary Award 2021/22 at its meeting on 2 March 2022. The NJC had agreed the new rates of pay applicable from 1 April 2021 and the Clerk/RFO confirmed that the new rates and the backpay to 1 April 2021 would be implemented for all staff in the March 2022 payroll (Minute 11k refers).

9.6 The Clerk/RFO and the Deputy Clerk are enrolled into the Local Government Pension Scheme administered by Suffolk County Council.

9.7 At its meeting on 5 June 2019 the Council noted that the Clerk/RFO has complied with the Council's duties as an employer and completed a re-declaration of compliance for the workplace pension scheme to the Pensions Regulator; the Chair confirmed that the completed declaration of compliance for the workplace pension operated by the Council had been approved by the Pensions Regulator (Minute 8e refers). (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).

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

10.1 At its meeting on 5 May 2021 the Council noted that the Councillor Internal Controller had included a review of the Asset Register within the First Quarter Internal Control Review for 2021/22 (Minute 13f refers).

10.2 The Register complies with the current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. Values are recorded at original purchase cost (where known) and a nominal value for community assets.

10.3 The Register displays a total value of £263,245 as at 31 March 2022 (compared to the value of £242,478 at the end of the previous year). The increase reflects (inter alia) the acquisition of the Cocowave Swing (£12,826), Noticeboards (£5,275), Defibrillator (£2,145) and Entrance Signs (£284) and the disposal of the Youth Shelter (£6,200).

10.4 Box 9 of Section 2 of the Annual Return correctly records the value of assets as at 31 March 2022.

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

11.1 The Lloyds Treasurer's Account and the Lloyds Business Account bank statements as at 31 March 2021 reconciled with the End-of-Year Accounts.

11.2 The bank accounts were regularly reconciled to the Accounts during the year. Bank account balances (with a Bank Reconciliation) are presented to the Council as a matter of routine at each meeting under the Financial Matters agenda item.

11.3 The bank reconciliations are examined by a nominated Councillor Internal Controller (At the video-conferencing meeting on 5 May 2021 the Councillor agreed to verify the bank balances as per the audit log and report back to full Council after the next Quarterly review).

**12. 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*).**

12.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

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

13.1 The Council is a sole trustee of the Thurston Recreation Ground Trust Charity (Charity No: 304946). The Recreation Facilities Committee has been established to formally manage and operate the Recreation Ground and the Pavilion and to maintain the parking area and to oversee the recreational facilities within the parish.

13.2 The Council receives the Minutes of the meetings for the Recreational Facilities Committee. A schedule of the accounts is presented for the Council's consideration, including details of income received, accounts paid and accounts awaiting payment. The Clerk/RFO provides appropriate reports to both the Committee and Full Council on Recreation Ground matters.

13.3 The accounts for the year ended 31 March 2021 were approved by the Recreational Facilities Committee at the meeting on 26 May 2021.

13.4 The Clerk/RFO reported upon the submission of the Annual Return 2021 accounts to the Committee on 24 November 2021.

13.5 The Charity Commission's Register of Charities confirm that the annual update for 31 March 2021 was received by the Commission on 18 November 2021 and that reporting requirements are currently up to date.

**14. 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).**

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

14.2 On 3 February 2021 the Council adopted the Thurston Internet Banking Policy 2021 document (reviewed and re-adopted by the Policy and Resources Committee on 18 February 2022) and resolved that the Council should move to online banking for regular payments effective from February 2021 with the Council's current bankers Lloyds. The Council agreed that online banking should be the default position for payments made by the Council (Minute 11i refers).

14.3 The procedure under the Policy provides that:

1. All orders for payment will be verified for accuracy by the Parish Clerk and included on the payment schedule.
2. The schedule of all payments shall be prepared by the Parish Clerk and presented to each meeting of the Council together with any supporting invoices or other documentation for approval. The approved schedule will be signed by the Clerk as Responsible Financial Officer and the Chairman of the meeting.
3. The Parish Clerk will initiate payment.
4. Two of the three authorised Councillors will confirm the payments online (from the list of authorised Councillors held by Lloyds Bank). Councillors are expected to authorise payment requests within two days of the payment being initiated by the Parish Clerk.

14.4 The Clerk/RFO confirmed to the Internal Auditor the procedure and controls currently in place for the making of on-line payments were in accordance with the Council's approved Policy. At each meeting the Council receives and authorises a list of payments made since the last meeting and a list of any additional payments due to be made.

14.5 A sample of online payments was examined and were found to be in order and compliant with the Council's Internet Banking Policy.

14.6 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework. Quarterly lists of items of Expenditure over £500 are published on the Council's website in compliance with the Transparency Code 2015. The legislative basis on which payment is made is notated against the items of expenditure.

14.7 The Internal Audit report for the previous year (2020/21) was received and approved by the Council at its meeting on 5 May 2021 (Minute 13g refers). There were no matters of concern raised in the Report.

14.8 At its meeting on 2 March 2022 the Council confirmed the appointment of the Internal Auditor for year 2021/22 (Minute 8f refers) following the recommendation received from the Policy and Resources Committee in the light of a review by the Committee of the Terms of Reference and Audit Plan supplied.

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

15.1 The External Auditors' Report and Certificate for the year 2020/21 is dated 6 August 2021 and raised no issues of concern.

15.2 The External Auditors' Report and Certificate was received and accepted by the Council at its meeting on 1 September 2021 (Minute 11g refers).

**16. Publication Requirements.**

16.1 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.

16.2 At its meeting on 7 April 2021 the Council noted that the dates for Exercise of Public Rights had been set as commencing on 14 June until 23 July 2021 and that the notice would be placed on the parish noticeboards and uploaded to the Council run website. The Internal Auditor was able to confirm that the documents relating to the year 2020/21 were readily accessible on the Council's website:

<https://thurstonparishcouncil.uk/parish-council/finances/>

16.3 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).

16.4 At its meeting on 1 September 2021 the Council noted that the notice of the Conclusion of the Audit had been published. The Internal Auditor was able to confirm that the documents relating to the year 2020/21 were readily accessible on the Council's website: <https://thurstonparishcouncil.uk/parish-council/finances/>

16.5 The Council is meeting the publication requirements of the Local Government Transparency Code 2015, which provides that larger parish/town councils which have gross annual income or expenditure (whichever is the higher) exceeding £200,000 must publish details of each individual item of expenditure that exceeds £500.

**17. Additional Comments.**

17.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work. I would particularly like to commend the Clerk for the excellent presentation of the Council's documents for the audit.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**27 April 2022**