

## **Report to Thurston 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 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 2022 to May 2025) 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 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.

1.5 The Accounts for the year confirm the following:

*Total Income for the year: £212,340*  
*Total Expenditure in the year: £350,426*  
*Total Reserves at year-end: £213,467 (of which £7,935 is Earmarked and £203,428 is CIL Restricted Reserves).*

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 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £351,553</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £125,480</i>
<i>Total Other Receipts:</i>	<i>Box 3: £86,860</i>
<i>Staff Costs:</i>	<i>Box 4: £67,649</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £282,777</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £213,467</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £225,399</i>
<i>Total fixed assets:</i>	<i>Box 9: £330,274</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 2022/23 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 4 May 2022. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 The Membership and Terms of Reference for the Council's Committees (the Policy and Resources Committee, Planning Committee, Recreational and Leisure Facilities Committee, Climate Awareness and Environment Committee, and Emergency Planning Committee) were reviewed and agreed by the Council at its meeting on 4 May 2022. The appointment of Councillors to Representative Bodies was also agreed at the meeting. The Council agreed to adopt amendments to the Terms of Reference for the Climate Awareness and Environment Committee at its meeting on 6 July 2022.

2.3 At its meeting on 2 November 2022 the Council considered and approved, for the remainder of the term of the current Council, the merger of the Climate Awareness and Environmental Committee with the Recreational and Leisure Facilities Committee and approved the revised terms of reference.

2.4 In accordance with s151 of the Local Government Act 1972, on 4 May 2022 the Council formally appointed the Clerk as the Council's Responsible Financial Officer (RFO) for the Council as part of her contract of employment.

2.5 The meeting on 4 May 2022 also gave approval to the list of payments which arise on a regular basis as the result of a continuing contract, statutory duty or obligation and regular maintenance contracts for the year 2022/23.

2.6 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. The Council receive reports of items actioned under delegated powers at each meeting of the Council.

2.7 Standing Orders are in place and reflect the latest model standing orders and guidance issued by the National Association of Local Councils (NALC).

2.8 Similarly, Financial Regulations are in place and also reflect the latest model Regulations and guidance issued by NALC.

2.9 At its meeting on 1 February 2023 the Council carried out the annual review of Standing Orders and Financial Regulations and confirmed that both (each dated March 2023) were fit for purpose and agreed to adhere to them as written (Minute 8b refers).

2.10 The Council works within the Thurston Neighbourhood Development Plan (NDP) which sets the planning and development 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 should give full weight in terms of the Joint Local Plan and a material consideration in all planning matters for Thurston.

2.11 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 1 June 2022 the Council reviewed and adopted the Plan (Minute 8b refers). A copy of the Business Plan for the May 2022 to May 2025 has been published on the Council's website.

2.12 The Council reviewed and adopted a Community Engagement Strategy for 2022/23 at the meeting on 1 June 2022 (Minute 8b refers) with the aim of constructing a high standard for engagement with its residents and partners.

2.13 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).

2.14 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. The Council demonstrates good practice by promptly publishing a draft copy of Minutes and a final copy following approval by Councillors.

2.15 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 2023).

2.16 To confirm that Officers and Councillors were aware of their responsibilities and obligations in relation to the collecting, using and protecting of personal information in accordance with the provisions of the General Data Protection Regulations (GDPR), at the meeting held on 1 June 2022 Councillors and Officers were asked to ensure they reviewed and completed the Data Protection Awareness Checklist, following the action points to ensure that they complied with relevant legislation.

2.17 In response to the requirements of the GDPR, the Council also 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 Incident Policy and a Subject Access Request Policy. Details regarding the lawful basis for processing data are published on the Council's website.

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

2.19 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.

2.20 At its meeting on 4 May 2022 the Council resolved to adopt the Model Councillor Code of Conduct 2020, as produced by the Local Government Association (LGA), for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. A copy of the Code has been published on the Council's website.

2.21 A Website Accessibility Statement has been published on the Council's website to assist compliance with the website accessibility regulations.

2.22 The Council demonstrates good practice by maintaining an official email address for correspondence with the *thurstonparishcouncil.uk* being used by the Parish Council which does not rely upon the use of personal e-mail addresses.

**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. For the year 2022/23 the Council converted from Receipts and Payments accounting to Income and Expenditure accounting processes. The Rialtas Accounting Package has been used for the preparation of the 2022/23 End-of-Year accounts.

3.2 At its meeting on 24 February 2023 the Policy and Resources Committee noted that because 2022/23 was the third successive year that the Council's income and expenditure had exceeded £200,000, the Council was now obliged to report its financial details on an income and expenditure basis (as opposed to on a receipts and payments basis). In summary, within income and expenditure accounts, the transactions for the year comprise all those instances in the twelve months where the Council has received economic benefits or given others economic benefits (irrespective of the year in which they are paid for). The Clerk/RFO confirmed to the Committee that preparatory work had already taken place to change the reporting mechanisms and the figures for the 2021/22 year of account had been re-stated to ensure that there was a like for like comparison between the two years.

3.3 Payments made in 2022/23 were checked by the Councillor Internal Controller with supporting invoices/vouchers during the quarterly internal audits undertaken.

3.4 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.

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

a) £3,606.29 VAT paid in the period January 2022 to March 2022 was received at bank on 22 April 2022 and reported to Council on 4 May 2022 (recorded in the Minutes in error as a total £2,606.29).

b) £5,920.49 VAT paid in the period April 2022 to June 2022 (Quarter 1) was received at bank on 2 August 2022 and reported to Council on 7 September 2022.

c) £6,975.44 VAT paid in the period July 2022 to September 2022 (Quarter 2) was received at bank on 28 October 2022 and reported to Council on 2 November 2022.

d) £12,246.74 VAT paid in the period October 2022 to December 2022 (Quarter 3) was received at bank on 18 January 2023 and reported to Council on 1 February 2023.

3.6 The amount of £1,410 is recorded in the VAT Control Account as at 31 March 2023 as a sum owed to the Council by HMRC and is correctly included in the End of year Accounts as a Debtor to the Council.

3.7 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2023 has been prepared by the Clerk/RFO. The Report shows £354,188 brought forward at the end of previous year (31 March 2022), CIL receipts of £71,828 and £222,588 spent in the year 2022/23. Accordingly, the balance of £203,428 is displayed as retained as at 31 March 2023. The CIL Annual Report has been published on the Council's website and has to be submitted to the District Council no later than 31 December 2023.

3.8 The previous Internal Audit Report for the year 2021/22 reviewed the Council's partnership arrangements with the Parochial Church Council (PCC) in the production of a Thurston Community Newsletter. At its meeting on 1 September 2021 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 subsequently handled the finances of the newsletter in its entirety.

3.9. At its meeting on 6 April 2022 the Council noted that the production of the April Thurston Community Newsletter had continued satisfactorily and that the timescales were now being produced on a monthly basis in conjunction with Gipping Press. The Council is now responsible for the financing of the Newsletter. The Clerk/RFO confirmed to the Internal Auditor that the Rialtas accounting package provides for the allocation of expenditure to separate cost and nominal codes and all relevant information and data are reported to the Council and appropriately recorded in the End of Year Accounts.

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

4.1 The Lloyds Treasurer's (Current) Account (£11,520.36) and the Lloyds Business Instant Account (£213,878.91) bank statements as at 31 March 2023 reconciled with the End-of-Year Accounts.

4.2 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.

4.3 The bank reconciliations are examined by a nominated Councillor Internal Controller, verified and formally signed off.

#### **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 The End-of-Year accounts are prepared on an Income and Expenditure basis and were in good order. The Accounts and supporting documentation were extremely well presented for the Internal Audit review. Sample audit trails were undertaken and were also found to be in good order.

5.2 The Income and Expenditure Account and Balance Sheet were examined in detail and discussed with the Clerk/RFO. Key supporting entries in the Balance Sheet as at 31 March 2023 included the following:

- a) There are no Listed Debtors included in the Accounts at the year-end other than the VAT owed from HMRC as at 31 March 2023. The Clerk/RFO confirmed that all invoices listed in the Schedules for Income due (from earlier dates than the end of March 2023) have since been paid to the Council.
- b) Prepayments totalled £1,153.26 and included (inter alia) insurance payments and subscriptions which, in practice, will even out over periods of account and may not be significant in terms of the context of the overall finances of the Council to require each to be taken account of at the year end.
- c) The Listed Creditors in the Balance Sheet totalled £10,245.92 and included (inter alia) the invoices received from SCC regarding Street Lighting (£6,079.55), Astons Legal (£2,382.60) and Urban Forestry (£1,168.75).
- d) The List of Accruals (where a service is being provided but the invoice not yet received) totalled £1,190 and refers to the provision of Internal and External Audit Services.
- e) Receipts in Advance of £3,060 referred to the amounts received relating to Newsletter advertisements.

5.3 The Clerk/RFO has constructed a reconciliation between Box 7 of the AGAR (Balances Carried Forward) with Box 8 (Total Cash and Short-term Investments) for presentation to the External Auditor.

5.4 The Clerk/RFO has also prepared a Statement of Analysis of Variances (explaining significant differences in income and expenditure between the years 2021/22 and 2022/23). The Statement will be presented to the External Auditors in support of Section 2 (the Accounting Statements) in the 2022/23 AGAR and will be published on the Council's website.

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

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

Precept 2023/24: £152,920 (11 January 2023, Minute 10h).

6.1 Good budgetary procedures are in place. 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 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.

6.2 Following a review of the 2023/24 Budget by the Policy and Resources Committee on 25 November 2022 and recommendations put forward, the Council considered a Draft Budget for 2023/24 at its meeting on 7 December 2022 and reviewed and finalised the Budget for that year at its meeting on 11 January 2023. The Council resolved to set a Precept of £152,920 to fund the budget of £205,550.

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 2022 was presented to the Council on 3 August 2021.

6.6 Similarly, at its meeting on 5 October 2022 the Council received the budget to actual statements for quarter ending 30 September 2022 including aggregate receipts and payments. The Council received explanations for any variances over cost codes and a breakdown of reserves held. Up to date Bank Reconciliations are similarly presented to Council for approval.

6.7 The Council complies with Proper Practices (March 2022 – to be applied to the Annual Governance and Accountability Returns covering the period 1 April 2022 to 31 March 2023) which requires all authorities to have regard to the need to put in place a General Reserve Policy and have reviewed the level and purpose of all Earmarked Reserves. Whilst authorities should have sufficient Reserves (General and Earmarked) to finance both its day-to-day operations and future plans, Proper Practices require that, given that funds are generated from taxation/public levies, such reserves are not excessive.

6.8 A Reserves Policy is in place and a copy has been published on the Council's website. The Policy does not attempt to prescribe a blanket level but notes that current guidance states that the level of Reserves should be maintained between 3-12 months of budgeted expenditure. The Reserves Policy was reviewed and agreed by the Policy and Resources Committee on 24 February 2023, when it was agreed that the spent General Reserves should be replaced over a reasonable period of time.

6.9 The Policy and Resources Committee adopted an Investment Strategy at its meeting on 20 May 2022. The Committee also agreed to the setting up of a separate bank account to protect the Council's Financial Assets in accordance with the Council's Investment Strategy and that the optimal sum to be invested was in the region of £40,000 - £50,000. Delegated authority was given by the Committee to the



Clerk/RFO to progress setting up a savings account at the best rate with the Nationwide Building Society with an initial maximum of £45,000 to be invested.

6.10 Overall Reserves available to the Council at the year-end 31 March 2023 totalled £213,467 of which £7,935 is Earmarked and £203,428 is CIL Restricted Reserves.

6.11 Whilst there were limited General Reserves available as at 31 March 2023 (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 2023/24 Precept, further CIL Receipts and VAT reimbursements which in total amount to approximately £140,000, 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. Details of the receipts are listed in the Minutes as an Appendix and published as part of the financial control framework.

7.2 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 have yet to be produced by the Clerk/RFO.

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. As at 31 March 2023 the Clerk/RFO was paid at SCP 35

at 25 working hours per week with extra hours required by the Council payable at the same Scale Point.

9.3 The Council noted on 4 May 2022 that the Staff Appraisals for the Clerk/RFO, Deputy Clerk and Newsletter Editor had taken place and had proved extremely satisfactory.

9.4 On 13 January 2021 the Deputy Clerk was appointed for a minimum of 15 hours per week at the National Joint Council (NJC) for Local Government Services Pay Scale LC2 (18-23). The Council agreed on 1 June 2022 that the Deputy Clerk be awarded an extra SCP point due to her recent qualification and to move to SCP19 (within range LC2 18-23) rate as per the National Salary Award 2021/22 as agreed by the NJC, to be backdated to when the qualification was achieved. As at 31 March 2023 the Deputy Clerk was paid at SCP 19 at the contracted 15 working hours with extra hours required by the Council payable at the same Scale Point.

9.5 At its meeting on 25 November 2022 the Policy and Resources Committee noted the 2022/23 NJC pay scales have been agreed and will be applied to all staff salaries in accordance with their contracts effective November 2022, backdated to April 2022. The Committee reviewed the level of working hours versus budgeted hours for the Clerk/RFO and Deputy Clerk for the period April 2022 to October 2022 and noted possible future increase in administrative hours to allow for succession planning, mentoring, shadowing and potentially job rotation.

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 6 April 2022 the Council noted that the Clerk/RFO had submitted the Council's re-declaration to The Pensions Regulator confirming that the Council, as an employer, has complied with its legal duties for re-enrolment. (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 An Asset Register is in place and was reviewed and agreed by the Council at the meeting held on 4 May 2022 at the time of the consideration of the AGAR 2021/22. The Council noted that the Councillor Internal Controller had included a review of the Asset Register.

10.2 The Internal Auditor examined the Register which contained details of all Assets and Responsibilities held by the Council for the year ending 31 March 2023. The Register is a live document and is due to be considered for approval and adoption by the Council at the meeting on 17 May 2023. The Register was updated by the Clerk/RFO on 23 January 2023 and was reviewed by the Councillor Internal Controller on 24 February 2023.

10.3 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.

10.4 The Register displays a total value of £330,274.64 as at 31 March 2022 (compared to the value of £263,245.38 at the end of the previous year, 31 March 2022). The increase of £67,029.26 reflects (inter alia) the upgrade of Street Lights (£32,495), Recycling Centre at New Green Car Park (£29,495), Noticeboards (£2,560), 5-a-side goal package (£1335) and Dog Bins (£694). The purchase of Office equipment and the disposal of old Office equipment is also recorded in the year.

10.5 Box 9 of Section 2 of the Annual Return correctly records the value of assets as at 31 March 2023 (rounded for purposes of the Return).

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

11.1 At its meeting on 24 February 2023, the Policy and Resources Committee reviewed the Council's Financial Risk Assessment 2022/23, the Risk Management Strategy 2022/23 and the effectiveness of Internal Control arrangements. The Committee agreed that the Internal Control Policy should be re-adopted as an effective tool in the Council's review and audit processes. The Committee also reviewed and agreed the Internal Control Review document to be used for the year 2023/24.

11.2 The Policy and Resources Committee also reviewed at its meeting on 24 February 2023, the effectiveness of the Internal Audit carried out for the previous year and the proposed coverage for 2022/23. The scope of the review covered independence, competence, relationships and audit planning.

11.3 At its meeting on 1 March 2023 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 24 February 2023. The Council noted the processes relating to year-end that had been carried out by the Committee under delegated powers (Minute 4b refers).

11.4 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.

11.5 The Council demonstrates good financial practice by considering a Quarterly Internal Control Report, prepared by a designated Councillor (Councillor Rainbow) 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 1 June 2022 the Council received the Internal Control Review Report from the nominated Councillor for the First Quarter of 2022/23.

11.6 The Second Quarter Review was reported to Council on 3 August 2022 and was examined in detail by the Internal Auditor. The Review was comprehensive and listed detailed Control Tests with a comprehensive assessment of each element including reference to the AGAR Audit Objectives. The Councillor brought the following matters to the Council's attention:

- Recycling centre has been added to the asset register and insurance schedule;
- Cyber security insurance was under renewal with paperwork awaited;
- General Insurance had been renewed with Zurich Municipal w.e.f. 1 October 2022;
- Recreation Ground Trust Charity procedural issues.

11.7 The Third Quarter Review was reported to Council on 7 December 2022 and the Final Quarter on 1 March 2023.

11.8 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 £300,000 with Lloyds Bank and accordingly would only be compensated to £85,000 in the event of having to call upon the FSCS. The previous Internal Audit Report had recommended that 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 FSCS. At its meeting on 1 March 2023 the Policy and Resources Committee received an update on the opening of a separate bank account to protect the Council's financial assets in accordance with Council's Investment Strategy. The Committee agreed to postpone the opening of such an account until after the May 2023 elections to ensure all signatories were serving councillors.

11.9 Insurance was in place for the year of account. At its meeting on 5 October 2022 the Council noted that, in accordance with Financial Regulations, the Clerk/RFO, in conjunction with the Councillor Internal Controller (Councillor Rainbow), 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 to a level that is tolerable. The Clerk/RFO advised the Council that the renewal premium was for Year 2 of a 3-year long-term undertaking with Zurich Municipal Insurance. The Council approved the payment of £1,455.67 as the premium for 2022/23.

11.10 The payment of £436.81 Insurance Cyber Package Renewal (through James Hallam Ltd) was approved by the Council at its meeting on 2 November 2022.

11.11 The Council's Employer's Liability insurance cover is £10m and the Public Liability cover stands at £12m.

11.12 The Policy and Resources Committee considered the level of Fidelity Guarantee (Councillor/Employee Dishonesty) insurance cover at its meeting on 20 May 2022 and agree that delegated powers be given to the Clerk/RFO and Cllr. Rainbow as the Council's appointed Internal Controller to review and agree a

defined sum for the fidelity guarantee to be held in accordance with recommended guidelines. The Fidelity Guarantee 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.

11.13 The Council has a Business Continuity Plan in place. The Plan was reviewed and agreed by the Policy and Resources Committee on 30 September 2022 when Councillors agreed that the Plan was comprehensive and covered, within reason, measures to effect a quick return to “business as usual” following an emergency.

11.14 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. The Council has also instructed Kompan to undertake Quarterly operational inspections for its play equipment in 2022/23. In addition, the Mid Suffolk District Council undertook an Annual RoSPA Play Inspection in 2022/23.

11.15 At its meeting on 1 March 2023 the Council noted the receipt of the annual play inspection reports covering the Thedwastre Park Play Area; the New Green Open Space Play Equipment; the Play Area on Heath Road and the Play Area at the Recreation Ground, Church Road. The Council formally accepted the annual play inspection forms. Whilst the findings found all the play areas to be low or very low risk, with standard recommendations contained within the reports, the Council noted that the matting in play areas in both Thedwastre Park and the Recreation Ground had been highlighted as a risk. The Council agreed that a CIL bid be put together for playground resurfacing in both areas (Minute 8c refers).

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

12.1 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 Accident Policy and Procedures, Climate Awareness and Environmental Policy, CCTV Policy, Complaints Policy Procedure, Health and Safety Policy, Investment Policy, Equality and Diversity Policy, Grant Awarding Policy, CIL Grant Awarding Policy, Dispensation Policy, Training and Development Policy, Lone Worker Policy, Travel and Expenses Policy, Protection of Children and Vulnerable Persons Policy, Volunteer Policy, Internet Banking Policy, Investment Policy, Media Policy, Playground Risk Management Policy, Reserves Policy and Use of Photographs Policy.

12.2 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, Equal Opportunities Policy, Grievance Policy, Sickness and Absence Policy, Whistleblowing Policy, Staff Appraisal Policy, Flexible Working Policy, IT and Electronic Communication Policy, Holiday Policy and Staff Use of Social Media Policy.

12.3 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, Engagement Strategy, GDPR and Openness of Local Government Bodies Regulations 2014.

12.4 The Council and the Policy and Resources Committee continued to undertake regular reviews of its Policies, Procedures and Protocols during 2022/23. At its meeting on 30 September 2022 the Committee considered and adopted the Meeting Attendance Policy 2022, Co-option of Councillors Policy 2022 and the Emergency/Dependants Leave Policy 2022.

12.5 On 24 February 2023 the Committee undertook a review of the full range of Policies, Procedures and Protocols and noted that there were no amendments due to any of the policies under review other than changes to the review dates. The Full Council noted the work undertaken by the Committee in this respect at the meeting on 1 March 2022.

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

13.3 The accounts for the year ended 31 March 2022 were received and approved by the Recreational Facilities Committee at the meeting on 27 April 2022. A copy of the Recreation Ground Charity Accounts and the Bank Reconciliation as at 31 March 2022 have been published on the Council's website within the Agenda on the meeting on 27 April 2022.

13.4 At its meeting on 3 August 2022 the Council considered the Recreation Ground Trust vis-a-vis the Terms of Reference (T of R) for the Recreational and Leisure Facilities Committee. Following a review of legal advice from NALC, the Council agreed the changes that were needed to the T of R for this Committee, which encompassed the Recreation Ground Charity. The Council noted that the latter would operate under basic charity law with regards to its meetings (separate accounts were already held for the charity) and the amended T of R were presented to and accepted by the Council.

13.5. As part of his internal control review report to Council on 7 September 2022, the Councillor Internal Controller (Councillor Rainbow) further clarified that all matters

relating to the Recreation Ground Trust Charity 304946 (Recreation Ground on Church Road) would now be handled in accordance with Charity Law and that separate meetings would be held which would not be open to the public. Councillor Rainbow confirmed that separate accounts were already held and annual returns filed with the Charities Commission.

13.6 At its meeting on 5 October 2022 the Council noted the retrospective approval by the Recreation Ground Trust for the upgrade of LED lighting at the Pavilion on Church Road and to note the funding sources (the sum of £2,200.00 had been fully funded by the County and District Locality Budgets).

13.7 On 2 November 2022 the Council noted the revised Terms of Reference for the Recreation Ground Trust Committee as part of meeting its responsibilities as Sole Trustee.

13.8 The Charity Commission's Register of Charities confirms that the annual update for 31 March 2022 was received by the Commission on 15 November 2022 and that the Charity's 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 24 February 2023 by the Policy and Resources Committee reviewed and re-adopted the Internet Banking Policy document. The Council has previously stated that online banking should be the default position for payments made by the Council.

14.3 At its meeting on 4 May 2022 the Council reconfirmed, in accordance with Financial Regulation 6.9, its acceptance for the BACS (Bank Transfer) for the settlement of its invoices/requests for payment, provided that such payments are authorised by two bank signatories, and the evidence of such authorisation is retained, and any payments are reported to Council as having been made (Minute 13n refers).

14.4 The procedure under the Internet Banking 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.*

*5. Where a councillor is to be reimbursed for expenditure, they should not be an authoriser (in the case of internet payments), or a signatory (in the case of cheque payments).*

14.5 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.

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

14.7 The Council receives details of accounts awaiting payment, to be verified and explanations given where appropriate. The Council also notes the accounts paid since the previous meeting and retrospectively approve those payments that had been made away from the meeting.

14.8 Receipts and payments are listed in the Council's Minutes as an appendix and published 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 Local Government Transparency Code 2015.

14.9 The Internal Audit report for the previous year (2021/22) was received and adopted by the Council at its meeting on 4 May 2022 (Minute 13f refers). The Report had put forward one recommendation:

*R1: 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.*

14.10 With regard to this matter, the Policy and Resources Committee agreed on 25 November 2022 to postpone the opening of a separate bank account until after the May 2023 elections to ensure all signatories were serving councillors. The Clerk/RFO confirmed to the Internal Auditor that proposals in this respect will be put to the newly elected Council in May 2023.



14.11 At its meeting on 1 March 2023 the Council confirmed the appointment of the Internal Auditor for year 2022/23 (Minute 8e 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 2021/22 was dated 2 September 2022 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 5 October 2022 (Minute 11h 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:

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

16.2 At its meeting on 6 April 2022 the Council noted that the dates for Exercise of Public Rights had been set as commencing on 13 June until 22 July 2022.

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 5 October 2022 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 2021/22 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**

**26 April 2023**