

Internal Audit Report for Hundon Parish Council for the year ending 31st March 2021

Clerk	Amanda Parrett
RFO (if different)	
Chairperson	Doug Nimmons
Precept	£16,520.00
Income	£21,608.08
Expenditure	£34,235.36
General reserves	£23,857.57
Earmarked reserves	£3,500.00
Audit type	Annual
Auditor name	Vicky Waples

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:

- carry out 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 2020/21 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 carried out 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		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The council uses an excel spreadsheet which allows the Responsible Financial Officer (RFO) to produce reports on a Receipts and Payments basis.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The RFO has ensured that the cashbook is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.
<i>Is the arithmetic correct?</i>	Yes	The accounting records were spot checked – they are well maintained, referenced the manner in which the payment was made and identified expenditure and income at any given point.
Additional comments: <i>For further transparency and scrutiny, the RFO, in accordance with best practice, has referenced all payments and receipts with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</i>		

Section 2 – Financial Regulation and Standing Orders		
The internal auditor will check the date the Council carried out 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 Council reviewed its Standing Orders at its meeting of 20 th May 2020, a copy of which can be found on the Council's website and which are based on the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in 2013.
Are Financial Regulations up to date and reviewed annually?	<i>Partly met</i>	Whilst Council reviewed its Council’s Financial Regulations at its meeting of May 2020, those on the website are based on the 2016 model.

		Council should take steps to ensure that at next review, it takes steps to adopt the Model Standing Orders produced by NALC in 2019.
Has the Council properly tailored the Financial Regulations?	No	Council should ensure that its Financial Regulations are fully tailored to the Parish Council by removing the [square] sections and in particular those sections that do not apply to the Council (Payments under contracts for building or other construction works; stores and equipment and charities).
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 to be responsible for the administration of the financial affairs of the relevant authority.
<p>Additional comments: <i>Council has shown good practice by ensuring that it has in place appropriate measures governing how it operates, provisions for securing competition and regulating the manner in which tenders are invited. In accordance with proper practices, Council has ensured that its Standing Orders and Financial Regulations are regularly reviewed, fit for purpose and that Council agrees to adhere to them as written.</i></p>		

<p>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.</p>		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	<i>Partly met</i>	At each scheduled meeting a list of all payments is presented to the meeting with formal approval of such expenditure being shown in the minutes. Within the Internal Control Statement, it is stated that Council has implemented the dual authorisation system whereby two members of the Council sign every cheque or order for payment. The signatories consider each cheque against the relevant invoice, sign the invoice and

¹ Section 151 Local Government Act 1972 (d)

		initial the cheque counterfoil. All authorised cheque signatories are members of the Council. It is confirmed that this process was employed in the payments made by cheque.
Where applicable, are internet banking transactions properly recorded and approved?	<i>Partly met</i>	<p>Internet banking is operated by the Council, but Council's Internal Control Statement has no reference for how such payments are to be made or the control procedures that should be in place when making payments using online banking. There is no evidence on payments made via this means as to who has authorised the payments for release. There is also no minutes evidence to show that Council gave agreement for a variation to its mandate to allow online banking to take place.</p> <p><i>Comment: This system is contrary to Council's adopted Financial Regulations which retains dual authorisation and members being authorised signatories on the accounts.</i></p>
Is VAT correctly identified, recorded and claimed within time limits?	Yes	VAT is clearly identified in the ledger book and claimed in accordance with the guidelines for local authorities and similar bodies. The year-end date of assessment position of £1,786.42 is verified in the cashbook. The claim for the period April 2017 to March 2019 in the sum of £1,263.66 and that for April 2019 to March 2020 in the sum of £328.97 were settled during the year under review.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	Yes	At the meeting of 25 th September 2019, the Council adopted the General Power of Competence.
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	<i>Not applicable</i>	No payments made under this power.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	<i>Not applicable</i>	The Council has no such loans.

² Localism Act

³ Section 137 of the Local Government Act 1972 ("the 1972 Act") enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £8.12 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

Additional comments:

Recommendation: Council should be aware that NALC’s guidance over repealed Section 150(5) of the Local Government Act 1972, is that Councils must not relinquish the ‘two-member signatures’ control over cheques and other orders for payment until they have put in place safe and efficient arrangements. Guidance from the NALC Finance and Audit Advisor has been that the over-riding requirement resulting from the abolition of S150 (5) is that each and every local council seeking to depart from the two-signature rule must “implement and maintain robust controls on expenditure as an integrated part of their overall financial control system”. Council should note that whilst it is not a requirement that two people authorise electronic payments, council should consider the appropriate systems, procedures and controls available by banking providers and follow its own Financial Regulations.

Comment: The approved schedule submitted at each meeting for approval of payments should be ruled off and initialled by the Chairman of the Meeting. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

It is understood that the Parish Clerk is planning to bring this matter to the Council for consideration at a later meeting.

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 submitted for Internal Audit 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 Assessment for the year under review was adopted by full Council at its meeting of 20 th May 2020.
<i>Is there evidence that risks are being identified and managed?</i>	Partly met	Council is aware that risk assessment needs to focus on the safety of the parish council’s assets and in particular its money. Whilst 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, there is no reference to online payments and the risks associated with online banking.

<p><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></p>	<p>Yes</p>	<p>Council has insurance in place under a Council Commercial Combined Insurance Policy which shows core cover for the following: Public liability: £10m; Public/Products Liability: £10m; Business Interruption: £10k, Property – Wooden Building on Sports Field and Fidelity Guarantee of £500k. Council formally reviewed its insurance confirming that all relevant insurances were in place at its meeting of 20th May 2020. <i>Comment: the level of Fidelity Guarantee is sufficient to meet the recommended guidelines which provides that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.</i></p>
<p><i>Evidence that internal controls are documented and regularly reviewed⁴</i></p>	<p>Yes</p>	<p>In accordance with the Accounts and Audit Regulations 2015, Council is aware that it should formally review the effectiveness of its system of internal control to ensure that it has mitigation measures on place to address the risks associated with the management of public finances. The system of Internal Control was reviewed at the meeting of 20th May 2020 and deemed to be satisfactory. See recommendation below regarding online banking.</p>
<p><i>Evidence that a review of the effectiveness of internal audit has been carried out during the year⁵</i></p>	<p>Yes</p>	<p>Council considered the effectiveness of internal audit during the year under review within the Internal Control Statement adopted by Council at its meeting of 20th May 2020. <i>Comment: by reviewing the terms of reference and effectiveness for internal audit the council has followed guidance and demonstrates that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.</i></p>
<p>Additional comments Recommendation: Although Council is mindful to ensure that all cheque payments are carried out with reference to its own Financial Regulations 5.5, there is no reference to online banking for the use of the settlement of accounts within the Council’s overall Risk Assessment documentation. Council should consider expanding its policies to ensure that it has a clear procedure for the way in which it operates with regards to the operation of its online accounts.</p> <p><i>It is understood that the Parish Clerk is planning to bring this matter to the Council for consideration at a later meeting.</i></p>		

⁴ Accounts and Audit Regulations

⁵ Governance and Accountability Guide

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 the year 2020–2021 in the sum of £19,395 was set at meeting of full Council of 17 th December 2019.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept was agreed at £16,520 and set at the full Council meeting of 15 th January 2020.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	Within the files submitted for internal audit and on the Council’s website there was evidence that reports detailing comparisons between budgeted and actual income and expenditure were submitted and considered by full Council.
<i>Reserves held – general and earmarked⁶</i>	Yes	The paperwork submitted for internal audit show general reserves in the sum of £23,857.57 with earmarked reserves in the sum of £3,500. <i>Council might wish to be aware of the guidance as issued by Proper Practices which states that it is regarded as acceptable for a council’s general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually). At the current level, Councils general reserves are considered to be excessive.</i>
Additional comments:		
Comment: Council is aware that in order to demonstrate good practice, Council has ensured that it follows the recommended key stages as to the budgetary process to be followed for the year:		
<ul style="list-style-type: none"> • <i>decide the form and level of detail of the budget;</i> 		

⁶ In accordance with proper practices, the generally accepted minimum level of a Smaller Authority’s General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

- *review the current year budget and spending;*
- *determine the cost of spending plans;*
- *assess levels of income;*
- *bring together spending and income plans;*
- *provide for contingencies and consider the need for reserves;*
- *approve the budget;*
- *confirm the precept or rates and special levies; and*
- *review progress against the budget regularly throughout the year.*

Recommendation: in accordance with guidance as issued under the Practitioners Guide, the Council should have regard to the need to put in place a General Reserve Policy with explanations as to the high level of general reserves being held and should evidence that it has reviewed the level and purpose of all Earmarked Reserves. As this is an outstanding audit point from the previous year, Council should take appropriate steps to review the level of General Reserves held.

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	Income is recorded in accordance with Council's Financial Regulations. A number of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. The RFO has continued to ensure that the accounting records contain all day-to-day entries of all sums of money received. A number of receipts were cross checked against cashbook and the bank statement and found to be in order.
<i>Is income reported to full council?</i>	Yes	Income received is reported within the financial reports submitted at scheduled meetings. 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 £16,520 during the year under review in April 2020. A full audit trail confirming the Precept being requested to the

		same being received in the council's bank accounts was seen from the files submitted for internal audit.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	<i>Not applicable</i>	Council did not receive any CIL receipts for the year under review.
<p>Additional comments: Council is reminded of the reporting schedule of its aggregate receipts and payments as adopted within its own Standing Order 17: The Responsible Financial Officer shall supply to each councillor as soon as practicable after 30 June, 30 September and 31 December in each year a statement to summarise:</p> <ul style="list-style-type: none"> <i>i. the Council's receipts and payments (or income and expenditure) for each quarter;</i> <i>ii. the Council's aggregate receipts and payments (or income and expenditure) for the year to date;</i> <i>iii. the balances held at the end of the quarter being reported and which includes a comparison with the budget for the financial year and highlights any actual or potential overspends</i> 		

<p>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.</p>		
Evidence		Internal auditor commentary
<i>Is petty cash in operation?</i>	<i>Not applicable</i>	Council does not operate a petty cash system.
<i>If appropriate, is there an adequate control system in place?</i>	<i>Not applicable</i>	
<p>Additional comments:</p>		

<p>Section 8 – Payroll controls The Internal Auditor will check salaries are approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. If the Clerk was recruited after 1st April 2011, evidence will be required to show compliance with the new requirements for</p>		
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⁷ Community Infrastructure Levy Regulations 2010

the statement of employment, induction, probation periods and training requirements. 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 31 st March 2021. Employment contracts were not reviewed during the internal audit which was carried out by remote means. All salary payments are authorised by full council. The minimum wage is not applied to any employees.
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	No	
<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	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<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 by Suffolk Association of Local Councils and is operated in accordance with HM Revenue and Customs guidelines. Cross-checks were completed on sample payments covering salary and PAYE and were found to be in order. Deductions paid to HM Revenue and Customs during the year under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Partly met	Council should consider verifying its position with the Pension Regulator to ensure that it has complied with its duties as an employer.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>		Council is aware of the changes in the Practitioners Guide for 2020 on the treatment of what can be included as employment expenses within the Annual Governance and Accountability Guide 2020 - section 2.16 refers and submitted within Box 4 of the AGAR. All expenses / payments made are against itemised invoices submitted to and approved by full Council.
<p>Additional comments: <i>There are robust payroll arrangements in place with ensures the accuracy and legitimacy of payments of salaries and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.</i></p>		

⁸ The Pension Regulator – [website click here](#)

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 Asset Register as submitted for internal audit was reviewed and reflects those items listed under insurance and within the Parish Council's remit for maintenance and ownership. The declared value for all assets at year-end of 31 March 2021 is £33,627.49 which shows nil movement in the year.
<i>Are 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>	No	All assets have been stated at cost value (fixed at 2010) in accordance with the basis as recommended by the Chartered Institute of Public Finance and Accountability (CIPFA) and where assets have been gifted or where there is no known value have been given the proxy value of £1. Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	On the Accounting Statements of the AGAR submitted for Internal Audit Council the Asset Register is declared at £33,628 which shows a reduction of £1 from that declared the previous year.
<i>Cross checking of insurance cover</i>	Yes	Council has all risks insurance for assets on its register under generic headings as identified on its insurance schedule. to the register.
Additional comments: <i>Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2020 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>		

⁹ Governance and Accountability for Smaller Authorities in England – March 2019

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 completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports submitted at each meeting.
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with period end statements and, as at year end (31 st March), the balance across the councils accounts stood at £27,357.57 as recorded in the Statement of Accounts and on the Year-end Bank Reconciliation.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Balances across the Council's accounts are reported on a monthly basis to full Council. All Councillors approved the bank reconciliation. The RFO ensures that the Council is aware that in accordance with proper practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows and therefore aids decision-making.
Additional comments: <i>In accordance with Proper Practises, Council might wish to implement a system whereby a Councillor carries out a review of the Council's banking internal control by formally signing off the bank reconciliation. This is not only good practice but also is a safeguard for the RFO and fulfils one of the authority's internal control objectives.</i>		

Section 11 – year end procedures		
Evidence		Internal auditor commentary
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and expenditure basis and all found to be in order.
<i>Financial trail from records to presented accounts</i>	Yes	Whilst there is an audit trail from the financial records held to the presented accounts, amendments recommended to the AGAR for 2019-

		<p>20 have not been actioned and as such the brought forward figure for BOX 1 reflects an incorrect starting position which has resulted in BOX 7 and Box 8 of the AGAR not agreeing.</p> <p>Recommendation: Council is advised to revisit the recommendations from the Internal Audit Report for the year ending 31st March 2020 and action the corrections to the AGAR. This will then allow the accounting records to be accurate and for BOX 7 and BOX 8 to balance as Council produces its accounts on a receipts and payments basis.</p>
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	<i>Partly met</i>	<p>As Council is a smaller authority with gross income and expenditure exceeding £25,000 it has completed complete Part 3 of the AGAR which is still to be presented to full Council and signed.</p> <p>Recommendation: Council will need to revisit the stated figures for 2019-20 as per the Internal Audit Report for the year ending 31st March 2020. As Council produces its accounts on a receipts and payments basis, the figure in Box 8 must equal the figure as that shown in Box 7.</p>
<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 during 2019-20, it was able to declare itself exempt from a limited assurance review.
<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>	No	Although the Internal Auditor is able to confirm that the parish council can demonstrate that it correctly provided for the exercise of public rights as required by the 2015 Regulations in that the dates set were from 15 June 2020 until 24 July 2020, as Council had to revisit the Accounting Statements at its meeting of 15 th July 2020, the dates set were then after approval of the Accounting Statements.
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	The Council has partially complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure not exceeding £25,000 for the year ending 31 March 2020 and published the following on a public website:

¹⁰ Annual Governance & Accountability Return (AGAR)

¹¹ Accounts and Audit Regulations 2015

		Certificate of Exemption Annual Internal Audit Report Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Bank reconciliation – year end Notice of the period for the exercise of public rights <i>The following were not seen on the website:</i> Analysis of variances
<p>Additional comments: Recommendation: in accordance with the instructions from the External Auditor, Council must answer in the negative to Assertion 4 of the Annual Governance Statement for 2020/21 and ensure that for the year ending 31st March 2021, it makes proper provision for the exercise of public rights.</p> <p>Recommendation: Council should revisit the stated figures on the AGAR for 2019/20 as per the audit report for the year ending 31 March 2020.</p> <p><i>As Council will have income and expenditure exceeding £25,000 for the year 2021-22 it should note the publication requirements under the Accounts and Audit Regulations 2015, as detailed on Page 1 of the AGAR forms entitled Part 3.</i></p>		

<p>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.</p>		
Evidence		<i>Internal auditor commentary</i>
<i>Has the previous internal audit report been considered by the Council?</i>	<i>Partly met</i>	The Internal Audit Report was considered by full Council at its meeting of 15 th July 2020 with agreement that the Accounting Statements be revisited. See recommendation above: Council is advised to revisit the recommendations from the Internal Audit Report for the year ending 31st March 2020 and action the corrections to the AGAR. This will then allow the accounting records to be accurate and for BOX 7 and BOX 8 to

		balance as Council produces its accounts on a receipts and payments basis.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	<i>Partly met</i>	The following recommendations were raised in the internal report: <ol style="list-style-type: none"> 1. Monitor of progress of budget throughout the year 2. Review the level of reserves held 3. Year-end bank reconciliation to reflect unrepresented cheques and income outstanding. 4. Year end summary to accurately reflect figures produced on the AGAR 5. Annual review of insurance cover provided 6. Review of payroll practices in respect of pension legislation 7. Publish information in accordance with the Audit and Accounts Regulations 2015 8. Compliance with GDPR
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	The appointment of SALC as the Council's internal auditor was confirmed at the meeting of 20 th May 2020 and again at a meeting of 17 th March 2021.
<p>Additional comments: Recommendation: following the completion of the internal audit, Council should be aware that if it receives a report from the internal auditor, it should consider the matters included in this report and decide what action it needs to take to prevent recurrence of the issues raised. Internal audit reports should inform the council's response to Assertions 2 and 6 of the Annual Governance Statement. As the internal audit report identified areas for development, Council should ensure that it produces an action plan with proposed remedial actions and that the plan identifies the people responsible for delivering improvement and the deadlines for completion of the actions.</p>		

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 taken into account.		
Evidence	<i>Internal auditor commentary</i>	
<i>Has the previous external audit report been considered by the Council?¹²</i>	<i>Not applicable</i>	For the year 2019-20, the Council was able to declare itself exempt from a limited assurance review.

¹² Regulation 20 Accounts and Audit Regulations 2015 – *following completion of an audit the Council should note that it is the Council as a whole (i.e.. All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.*

<i>Has appropriate action been taken regarding the comments raised?</i>	<i>Not applicable</i>	
Additional comments:		

Section 14 – additional information		
The internal auditor will look for some 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 <i>(note to auditor- emergency Regulations as a result of the COVID-19 pandemic)</i> ^{f14}	Yes	Council did not hold an Annual Meeting of the Parish Council during the year under review. <i>Comment: In recognition of this being unprecedented times and following the Government's guidelines for staying at home and working remotely, the Government included within s.78 in the Coronavirus Act 2020 (made 4th April 2020) the ability for the Secretary of State to have the power to make Regulations to cover the provisions for the holding of meetings. The 2020 Regulations set out those provisions. This also repealed for the year under review, the requirement to hold an Annual Council Meeting. Council has followed these regulations and held its meetings via the Zoom Videoconferencing platform.</i>
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁵	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes. Minutes seen for internal audit demonstrate that the minutes have been so signed.

¹³ The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

¹⁴ The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

¹⁵ Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972 and the Localism Act 2011

<p><i>Is there a list of members' interests held?</i></p>	<p>Yes</p>	<p>Evidence was seen on the District Authority's website of the Register of Interests for seven Parish Councillors for Hundon The Council's website shows that there are four Councillors with five vacancies to be filled at the Election in May 2021.</p> <p><i>Comment: Council is advised to liaise with West Suffolk to have the incorrect Register of Interests removed. Council is also reminded that whilst the monitoring officer of the District Council must arrange for the parish council's register of members' interests to be available for inspection in the district and must be published on the district council's website, where the parish council has its own website, its register of members' interests must also be published on that website. (Openness and transparency on personal interests - A guide for councillors – August 2012).</i></p>
<p><i>Does the Council have any Trustee responsibilities and if so are these clearly identified in a Trust Document?</i></p>	<p>Not applicable</p>	
<p><i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i></p>	<p>Partly met</p>	<p>Councils with income over £25,000 but under £200,00 will be expected (but are not legally required to do so) to follow the Local Government Transparency Code 2015 (turnover exceeding £200,000). Council is working towards ensuring compliance with the requirements under the Transparency Code 2015.</p>
<p><i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁶</i></p>	<p>Yes</p>	<p>The council is correctly registered with the IO as a Data Controller in accordance with legislation. Reference: A8698592.</p>
<p><i>Is the Council compliant with the General Data Protection Regulation requirements?</i></p>	<p>Yes</p>	<p>The Council is taking steps to ensure compliancy. A Data Protection Information Management Policy was able to view on the website detailing the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.</p> <p><i>Comment: Council should ensure that its Subject Access Request Policy and Procedure is identifiable on the council's website.</i></p>

¹⁶ Data Protection Act 2018

<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁷</i>	No	The Council has not published on its website a website accessibility and there is no evidence to demonstrate that the Council has checked its website for any accessibility problems or produced a plan to address these problems and fix them 'within reason'. Guidance can be found on SALC's website: https://www.salc.org.uk/advice/website-accessibility-regulations/
<i>Is there evidence that electronic files are backed up?</i>	Yes	
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	No	There are no documents linked to the Terms of Reference shown on the Council's website.
<p>Additional comments: <i>Transparency Code 2015 - To ensure full compliance with the requirements of the Local Government Transparency Code 2015 (turnover exceeding £200,000), the following information should be published in accordance with the required timescales:</i> <i>quarterly:</i> <i>Individual items of expenditure that exceed £500 (currently published on an annual basis);</i> <i>Government Procurement Card transactions;</i> <i>Invitations to tender for contracts over £5,000;</i> <i>Details of contracts that exceed £5,000;</i> <i>annually:</i> <i>Details of all land and building assets;</i> <i>Grants to Voluntary, Community and Social Enterprise Organisations.</i></p> <p>Recommendation: As The Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018 are now in force, Council should ensure that at the very minimum it publishes on its website, a Website Accessibility Statement, which has identified the areas which are not accessible and shows that Council has a forward plan so that it can make changes to improve this.</p>		

Signed: *Victoria S Waples*

Date of Internal Audit Visit: 10.05.2021 & 12.05.21 Date of Internal Audit Report: 12 May 2021

On behalf of Suffolk Association of Local Councils

¹⁷ Website Accessibility Regulations 2018