

## **Report to Melton 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 financial administration and internal control. Councillors and Officers demonstrate a strong commitment in maintaining a high standard of overall governance and financial administration.

1.2 The Council displays many examples of strong governance and good financial practice, including maintaining a Business Plan with measurable objectives, monitored against the Council's key priorities. The Council secured a number of significant achievements in the year 2021/22, including progress in the Pavilion Replacement Project, for which a contractor was formally appointed by the Council at its meeting on 2 March 2022. The project received detailed consideration at Council meetings throughout 2021/22.

1.3 The retirement of the Clerk and Executive Officer, Mr William Grosvenor and the appointment from 1 January 2022 of Pip Alder (the previous Assistant Clerk & Management Officer) was extremely well managed by the Council and enabled a seamless transfer of responsibility to be achieved.

1.4 The End of Year Internal Audit review was completed on 25 May 2021 at the Council's Offices. The review, undertaken on the documentation provided to the Internal Auditor and that published on the Council's website, has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.5 By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Clerks in post in the year of account, in their 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. Key Policies, Procedures and Protocols are in place and these provide a solid foundation for the continuing operation of strong financial management and control.

1.6 The Accounts for the year confirm the following:

<i>Total Income for the year:</i>	<i>£235,677</i>
<i>Total Expenditure in the year:</i>	<i>£210,959</i>
<i>Total Reserves at year-end:</i>	<i>£579,930 (of which £518,445 is earmarked)</i>

1.7 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following draft figures were 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: £555,212</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £93,706</i>
<i>Total Other Receipts:</i>	<i>Box 3: £141,970 * Note 1</i>
<i>Staff Costs:</i>	<i>Box 4: £54,049</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £19,639</i>
<i>All Other payments:</i>	<i>Box 6: £137,270</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £579,930</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £584,180</i>
<i>Total fixed assets:</i>	<i>Box 9: £716,077</i>
<i>Total borrowings:</i>	<i>Box 10: £403,282</i>

*\* Note 1: Includes the Tax Base Grant of £729*

1.8 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.

1.9 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan 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 Parish Council business was the Election of a Chair, as required by the Local Government Act 1972. The meeting was held virtually via Zoom 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 At its meeting on 5 May 2021 the Council also nominated Councillors to serve on Committees and to represent the Council or work with external bodies. At the meetings on 5 May, 16 June, 22 September 2021 and January 2022 the Council reviewed and approved revisions to the Terms of Reference for its Committees and Working Groups.

2.3 As part of meeting its overall governance responsibilities, the Council also determined on 5 May 2021 the arrangements for meetings for the remainder of the 2021/22 year. As a precaution against any further sudden lockdown or other foreseen business interruption, where it is necessary to maintain essential Council

business, the Council agreed that responsibility for decision-making can be delegated to the Clerk/Assistant Clerk in conjunction with the Chair of the Council/Vice-chairs /Chairs of Committees as appropriate (such delegation will be in addition to the emergency powers already held by the Clerk under Financial Regulation 4.5) (Minute 21.52.08 refers).

2.4 The Council operates its approach to planning under the Melton Neighbourhood Plan. The Council's website displays information about the Plan, including updates and the ways in which the public can become involved.

2.5 The Council has a **Business Plan** in place which aims to provide residents with a clear understanding of what the Parish Council does and what it is striving to achieve. A revised and updated Business Plan was considered by Finance, Environment and Risk Management (FERM) Committee on 28 July 2021 and recommended to the meeting of Full Council on 22 September 2021 for approval. The Council made further additions to the Business Plan which was then accepted and agreed for publication (Minute 21.98.06 refers).

2.6 **Standing Orders** are in place and reflect the latest model standing orders issued by the National Association of Local Councils (NALC). A copy has been published on the Council's website. At its meetings on 5 May 2021 and 11 May 2022 the Council considered and approved the Standing Orders.

2.7 **Financial Regulations** are also in place. The Regulations are based on the latest model Financial Regulations issued by NALC, tailored to meet the particular requirements of the Parish Council. The Regulations were reviewed and approved by the Council at its meeting on 17 March 2021 and on 11 May 2022. A copy of Financial Regulations has been published on the Council's website.

2.8 The Council's records show that the role of the **Responsible Financial Officer** (RFO) is within the Clerk and Executive Officer's Job Description. At its meeting on 22 September 2021 the Council approved the overall arrangements for the recruitment of a new Clerk and Executive Officer. At its meeting on 17 November 2021 the Council formally announced that Pip Alder would be commencing duties as Clerk and Executive Officer with effect from 1 January 2022.

2.9 **Authorised signatories** to the Council's bank and building society accounts were considered and agreed by the Council on 5 May 2021. The Council agreed the list of authorised signatories on the Council's accounts with Barclays Bank, Lloyds Bank and the Ipswich Building Society together with limits of delegation where authorisation is delegated to Officers (Minute 21.51.08). The Authorised Signatories were similarly reviewed and agreed by the Council on 11 May 2022.

2.10 The **General Power of Competence** has not been adopted by the Council and details of expenditure incurred under Section 137 of the Local Government Act have accordingly been separately identified in the Accounts and clearly recorded in the Council's Minutes. The Clerk/RFO advised that from May 2023 the Council will be able to review the position.

2.11 The **Minutes of the Council and the Committees** are very well presented and provide clear evidence of the decisions taken by the Council in the year.

2.12 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 Z705272X refers, expiring 11 September 2022).

2.13 In response to the requirements of the General Data Protection Regulations (GDPR) the Council maintains a Privacy Notice, Retention of Documents Policy, a CCTV Policy and a Responding to Subject Access Requests document, all of which are published on the Council's website. At the meeting of the Council on 17 November 2021 the Council considered and noted the report presented by the Clerk/RFO on data protection risk issues (Minute 21.116.06 refers).

2.14 The FERM Committee and the Council undertake regular reviews of **Policies, Procedures and Protocols**. The Council noted and reviewed the overall Schedule of Policies at its meetings on 5 May 2021 and 11 May 2022.

2.15 The Council's Policies and Procedures are available for public inspection on the Council's webpage: <https://melton-suffolk-pc.gov.uk/council-policies/>

2.16 The Council maintains a range of additional employment policies to assist maintaining a high standard of practice as an employer. Following recommendations from the FERM Committee the Council considered and adopted an Equality and Diversity Policy and a Sickness/Absence Policy (16 June 2021), Lone Working Policy (17 November 2021) and Health & Safety Policy (8 December 2021).

2.17 The Council displays good governance practice by frequently considering and re-affirming its adherence to the **Code of Conduct for Councillors**. At the meeting on 5 May 2021 the Council formally resolved to re-affirm its commitment to the Local Code of Conduct. The Council approved the new national Code of Conduct at the meeting on 11 May 2022.

2.18 The Council has published a **Website Accessibility Statement** in accordance with the website accessibility regulations. The Statement includes information about navigating within the website and contact details should accessibility problems become evident.

2.19 During the year 2021/22 the Council made significant progress in the Pavilion Replacement Project. The appointed Architects, Mullins Dowse, managed the tender process on behalf of the Council. The Clerk/RFO confirmed to the Internal Auditor that the Architects undertook the process in accordance with the Council's Standing Orders and Financial Regulations, published appropriate Notices and took appropriate action under the Contracts Finder service to the Council's satisfaction. The project received detailed consideration at Council meetings throughout 2021/22 leading to the formal appointment of at the Council's meeting on 2 March 2022.

**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 Alpha 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 closure of the 2021/22 End-of-Year accounts.

3.2 The Cashbook transactions are referenced and provide an appropriate audit trail. VAT payments are tracked and identified within the accounting system. A sample of transactions was examined with the supporting invoices/vouchers and was found to be in order. Test checks were made on the coding of the VAT element within a number of invoices/accounts and these were also found to be in order.

3.3 VAT Returns are submitted to HMRC on a Quarterly basis. Amounts received from HMRC in the year were as follows:

- a) £13,489.20 net reclaim for the period 1 April 2021 to 30 June 2021 (received at bank on 13 July 2021).
- b) £427.96 net reclaim for the period 1 July 2021 to 30 September 2021 (received at bank on 27 October 2021).
- c) £1,148.09 net reclaim for the period 1 October 2021 to 31 December 2021 (received at bank on 1 February 2022).

The £5,234.77 net reclaim for the period 1 January 2022 to 31 March 2022 is correctly shown as VAT Recoverable (Debtor) in the Balance Sheet as at 31 March 2022.

3.4 The Council has since moved to the Scribe accounting software system, having been provided with a month's free trial in March 2022. Scribe is currently supporting the Council's accounting system for 2022/23.

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

4.1 The Bank Accounts were regularly reconciled to the Accounts during the year. A monthly bank reconciliation is completed and is reported to the FERM Committee.

4.2 Reconciliation of individual bank accounts has been completed within the RBS accounting system. The Overall Bank Reconciliation at the year-end has been completed by the Clerk/RFO and was confirmed as correct by the Internal Auditor.

4.3 The Internal Auditor confirmed the Council's Bank Accounts as at 31 March 2022 as a total of £584,179.84 consisting of the following accounts:

- Barclays Bank Current Account: £249,231.29 (statement at 31 March 2022)
- Barclays Bank Deposit Account: £209,358.33 (statement at 31 March 2022)

- Ipswich Building Society Deposit Account: £101,368.97 (statement dated 30 November 2021)
- Lloyds Bank Treasurer's Account: £19,094.28 (statement at 31 March 2022)
- Ipswich Building Society Rent Deposit Account: £5,126.97 (statement dated 30 November 2021).

4.4 The Clerk/RFO and 4 nominated Councillors are signatories on the Barclays Bank Accounts. Both the Clerk/RFO and Assistant Clerk are signatories on the Lloyds Treasurer's Account with 3 nominated Councillors. The Signatories for the Suffolk Building Society Account consist of 4 nominated Councillors.

4.5 Smaller Local councils' investments and deposits are protected under the Financial Services Compensation Scheme (FSCS) in the same way as other protected investors i.e. for deposits/investments up to £85,000 with any UK bank, building society and credit union. This provides a measure of safety in case any financial services firms experience difficulties and the local council can receive compensation for their saving and investment of local taxpayers' money. However, the Council's deposits with Barclays Bank are currently significantly in excess of the £85,000 protection that would be afforded to the Council.

**Recommendation 1: As part of the risk management reviews undertaken, the Council should identify the risks and mitigating actions in place regarding the holding of significant sums in excess of the Financial Services Compensation Scheme protection limit and determine if action needs to be taken to reduce any risks attached to the banking arrangements currently in place.**

**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 and supporting documentation** were extremely well presented for the Internal Audit review. The End-of-Year accounts are prepared on an Income and Expenditure basis.

5.2 The **Income and Expenditure Account for the year 2021/22 and the Balance Sheet as at 31 March 2022** were examined and found to be in good order with supporting information being held within the RBS system to validate the entries. Sample audit trails were examined and were found to be in good order.

5.3 The Internal Auditor examined, on a sample basis, the Debtors and Creditors listed in the Balance Sheet as at 31 March 2022. The Current Assets in the Balance Sheet included the amount of VAT Recoverable from HMRC as at 31 March 2021 (£5,235) and Prepayments (£462).

5.4 Under Current Liabilities, listed Creditors (outstanding sums not yet paid by the Council) in the Balance Sheet totalled £9,947 relating to Bus Shelter, Audit Fees, Rent Deposit and Legal Fees.

5.5 A **Statement of Analysis of Variances** (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) was being prepared by the Clerk/RFO at the time of the Internal Audit. The Statement has to be submitted to the External Auditors and published on the Council's website.

5.6 The **Community Infrastructure Levy (CIL) Report** for the previous year 2020/21 was received and noted by Full Council on 16 June 2021. During the year 2021/22 the FERM Committee and Full Council continued to receive and consider updates on projects to be funded by CIL receipts.

5.7 The CIL Annual Report for 2021/22 has been constructed by the Clerk/RFO and displays an Opening Balance for CIL Funds as at 1 April 2021 of £490,741.54, additions in the year of £106,599.57 and applications (spending) of £89,652.46. The amount of CIL Receipts retained as at 31 March 2022 is displayed as £507,688.65.

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

6.1 The FERM Committee has a standing agenda item for **Risk Management** Issues which provides the opportunity for the Clerk/RFO to present reports on current issues and Councillors to bring forward emerging risks. At its meeting on 15 April 2021 the Committee reviewed the Risk Register and the Data Protection Risk Register.

6.2 At its meeting on 16 June 2021 the Council received a report which facilitated the Council's annual review of Risk Management arrangements. The report was aimed to underpin Assertion 5 in the Annual Governance Statement and designed to demonstrate a culture of positive risk management across the Council (Minute 21.75.03 refers). The report demonstrated how the Council both identifies and assesses its risks and the steps taken to manage and mitigate the risks including the adoption of a business strategy aimed to optimise income and tightly manage expenditure.

6.3 The Council demonstrates good practice by reviewing risks on a monthly basis. As part of this process, at its meetings on 16 June 2021 and 22 September 2021 the Council considered and updated the Risk Register with regard to the risk level at the Playing Field at those times.

6.4 The Council's Risk Register was reviewed by the Full Council at its meeting on 30 March 2022 and updates agreed (Minute 22.29.07 refers).

6.5 The Council's **Internal Control Policy** was also reviewed and approved at the Full Council meeting on 30 March 2022 (Minute 22.29.08 refers).

6.6 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.

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6.7 A key area of risk for the Council involves the management of its play areas and play equipment. The Annual RoSPA Inspections of the Play Area are reported to the Recreation Committee. At the Committee meeting on 10 November 2021 the Committee agreed the remedial actions to be taken (Minutes 21.88.02 and 21.90.03 refer).

6.8 **Insurance** was in place for the year of account. At the Council's meeting on 22 September 2021 the Clerk/RFO reported upon the new premium, which was no longer part of a multi-year arrangement. The Council noted that the report from the Clerk/RFO advised that no changes were required to the level of cover. The Council approved the payment of the renewal premium (Minute 21.98.09 refers). The current Policy covers the period 1 October 2021 to 30 September 2022. The Council's Employer's Liability insurance cover and Public Liability cover each stand at £10m.

6.9 The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £450,000, which remains significantly below the current recommended guidelines which provide that the cover should be at least the sum of the year-end cash/bank balances (£584,180 as at 31 March 2022) plus 50% of the precept (£52,268) which would provide for best practice cover of approximately £636,000. The insured amount should cover the maximum amount of funds held by a council at any one time

6.10 It was noted from reports made by the Clerk/RFO to the FERM Committee and to Full Council that Cash Reserves were consistently over £600,000 during the 2021/22 year of account, significantly in excess of the £450,000 level of fidelity insurance cover. The previous Internal Audit Report (dated 12 May 2021) recommended that the Council should monitor the Councillor/Employee Dishonesty (Fidelity Guarantee) cover as part of its overall Risk Management reviews with the view of meeting the current recommended guidelines.

6.11 The Council will be facing a considerable outlay of expenditure during 2022/23 in meeting the cost of the Pavilion Project and accordingly the balances will reduce over the coming months. However, the level of insurance cover should continue to be monitored as part of the Council's risk management processes

**Recommendation 2: In view of the amount of cash reserves in excess of the Fidelity Guarantee insurance cover of £450,000 it is felt that the Council should continue to monitor the level of cash reserves and increase the insurance cover as necessary to ensure that both financial and reputational risks are mitigated. It should be stressed that such insurance cover does not imply any mistrust of Councillors, employees or volunteers but reflects a professional duty to protect the funds being held on behalf of the public as well as protecting the Council's reputation.**

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

Precept 2021/22: £93,706.34 (13 January 2021, Minute 21.08.03 refers).

Precept 2022/23: £104,536.00 (19 January 2022, Minute 22.07.05 refers).

7.1 Good budgetary procedures are in place. The Budget and Projects Working Group met on 10 November 2020 to review the 2020/21 financial position and to start work on the Budget Setting for 2021/22. A Draft Budget for 2021/22 was presented to the Council on 18 November 2020. The final Budget and the Precept for 2021/22 was formally agreed by the Council at its meeting on 13 January 2021.

7.2 Similarly, the Budget and Projects Working Group met on 11 November 2021 to review the 2022/23 financial position and consider the Budget for the year. A Draft Budget for 2022/23 was presented to the Council on 17 November 2021. The final Budget and the Precept for 2022/23 was formally agreed by the Council at its meeting on 19 January 2022.

7.3 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.

7.4 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council received detailed Budget Reports for the 2021/22 year and the Internal Auditor examined the reports to Council meetings on 16 June 2021 and 22 September 2021 in this respect. In addition, the Internal Auditor tested the efficiency and effectiveness of the budgetary control in place by examining the following two reports:

- (a) The detailed report on the Council's financial position for the period 1 April to 30 June 2021 delivered to the FERM Committee on 28 July 2021 and
- (b) The financial management reports for the period 1 April 2021 to 31 December 2021 delivered to the Full Council meeting on 19 January 2022.

7.5 Both sets of reports were comprehensive, detailed and informative and provided information and data from which Councillors could make informed decisions. The Clerk/RFO had provided detailed figures for budgetary control purposes and explanations provided for variances in actual expenditure and income compared to budget.

7.6 Careful monitoring is being undertaken by the Council and the Clerk/RFO regarding the financing of the Pavilion Replacement Project. At the meeting on 2 March 2022 the Council agreed to move £75,000 from the General CIL Reserve to the Pavilion Earmarked Reserve whilst anticipating that with good financial control and project management not all of that additional funding will be required (Minute 22.20 refers).

7.7 The **Overall Reserves** available to the Council at the year-end 31 March 2022 totalled £579,930 of which £518,446 (including the Restricted CIL Funds of £507,688) leaving £61,484 as a General Reserve which is in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.32 refers).

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

8.1 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.

8.2 At its meeting on 10 November 2021 the Recreation Committee reviewed the hire fees for the tennis courts and agreed that the hire fee would remain at £6 an hour and not to apply an annual membership arrangement or a repeat booking reduction.

**9. Use of Debit Cards and Petty Cash (Associated books and formally agreed systems in place).**

9.1 A Lloyds Debit Card is in use. The Council has agreed that the use of debit cards will be restricted to the posts of the Clerk/RFO and Assistant Clerk and to a single transaction maximum value of £1,000 unless authorised by the Council or the FERM Committee before any order is placed.

9.2 A sample of the vouchers used to record the use of the debit card was examined and found to be in order and in accordance with the Council's stated requirements.

9.3 No Petty Cash is held; an expenses system is in place. Expenses Reimbursement Request vouchers are completed, signed and approved by the Clerk/RFO and a Councillor as authorisation for payment.

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

10.1 **Payroll Services** are outsourced to the Suffolk Association of Local Councils (SALC) and are being operated in accordance with HMRC regulations. Regular payments have been made to HMRC and detailed pay slips are produced for the Council employees. A Payroll Summary for the year 2021/22 and Full Payment Submission as at 31 March 2022 has been provided to the Council by SALC and was made available to the Internal Auditor for examination. A sample of payroll transactions was examined and found to be in order.

10.2 A Contract of Employment dated 8 December 2021 is in place for the Clerk and Executive Officer confirming a starting date of 1 January 2022, commencing at a salary at SCP 30 within the substantive benchmark range of LC2 as set out in the NJC National Agreement.

10.3 Similarly, the Assistant Clerk has a Contract of Employment in place dated 8 December 2021 confirming a starting date of 10 January 2022 and commencing at a salary at SCP 20 within the substantive benchmark range of LC2.

10.4 With regard to the Council's responsibilities under the workplace pension legislation, the FERM Committee considered the requirements of the Pensions Regulator at its meeting on 10 July 2019 (Minute 19.36.03 refers). The Contracts of Employment identify the employees' right to join the Local Government Pension Scheme.

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

11.1 The Council reviewed and accepted the Asset Register at its meeting on 30 March 2022 (Minute 22.29.10). The Clerk/RFO reported to Council that from 2022/23 the asset register would be compiled using the Parish Online service. The Council agreed that only assets costing £100 and above (including items that would now cost more than £100 to replace) would be recorded from 2022/23.

11.2 As at 31 March 2022 the Register was in two parts:

- (a) A **Register of Buildings and Land** which as at 31 March 2022 displayed an Original Purchase Price or Proxy Value totalling £429,542.
- (b) A **Register of all Other Assets** which as at 31 March 2022 displayed an Original Purchase Price or Proxy valuation of £286,535.

11.3 Regarding the method of Asset Valuation, the Full Council at its statutory annual meeting on 30 May 2018 confirmed by resolution (Minute 18.52.05) its policy to continue to use the acquisition cost as a basis for recording values in the Council's Asset Register.

11.4 The Registers display a total value of £716,077 as at 31 March 2022, a net decrease of £76,428 from the valuation of £792,505 at the end of the previous year (31 March 2021), and details the additions and disposals in the year (including the significant reduction following the demolition of the Pavilion).

11.5 The Registers comply 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 or a proxy cost (where the original cost is unknown). The values have been correctly recorded in Box 9 of Section 2 of the AGAR (Annual Return) 2021/22.

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

12.1 The Council is not a Sole Trustee to a Charity and has made the appropriate entries in the AGAR 2021/22.

**13. 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*).**

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides comprehensive financial management reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. Comprehensive financial reports were presented to Full Council and have been published on the Council's website.

13.2 As part of the overall financial control framework, payments for approval are listed in the Agenda papers for the FERM Committee and Full Council. In turn, the Minutes of the FERM Committee and Full Council refer to the papers presented under the appropriate agenda items with regard to receipts and payments.

13.3 Payments from the Council's bank accounts are normally made through on-line banking or direct debits. The procedure in place provides that the Clerk/RFO, as Service Administrator, will receive/review an invoice or demand for payment and will initiate the payment which is then approved online by one of the designated Councillor Signatories to enable payment to be made.

13.4 Invoices/vouchers for payment are signed/initialled by the Cheque Signatories in confirmation of the payment made.

13.5 The Internal Audit report for the previous year (2020/21) was received by the Council at its meeting on 16 June 2021 (Minute 21.74.01 refers). The Report raised no issues of concern although the Report highlighted the issue of the Fidelity Guarantee (Councillor/Employee Dishonesty) cover standing at £450,000 and which was significantly below the current recommended guidelines (see Item 6.9 et seq. above).

13.6 The Internal Auditor for the year 2021/22 was formally appointed by the FERM Committee at its meeting on 28 July 2021 (Minute 21.28.04 refers).

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

14.1 The External Auditor Report and Certificate 2020/21, prepared by PKF Littlejohn LLP, was dated 17 September 2021 and raised no issues of concern following the review of the Accounts for the year.

14.2 The External Auditors' Report and Certificate was received and accepted by the Council at its meeting on 22 September 2021 (Minute 21.98.08 refers).

**15. Publication Requirements.**

15.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible:

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

The Internal Auditor was able to confirm that the documents were readily accessible on the Council's webpage:

<https://melton-suffolk-pc.gov.uk/document-category/annual-return/>

15.2 At the meeting held on 16 June 2021 the Clerk/RFO reported that the period for the exercise of public rights will commence on 1 July and end on 11 August 2021 and that the Council would publish the Internal Audit report, the Annual Governance Statement, the Accounting Statements together with the details of the arrangement for the exercise of public rights by 1 July 2021 (Minute 21.74.06 refers).

15.3 Following the completion of the External Audit the Regulations require publication of the following:

Notice of Conclusion of Audit  
AGAR - Section 3  
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

The Internal Auditor was able to confirm that the documents readily accessible on the Council's webpage:

<https://melton-suffolk-pc.gov.uk/financial-information/>

15.4 The **Local Government Transparency Code 2015** provides that a parish council which has gross annual income or expenditure (whichever is the higher) exceeding £200,000 must publish (inter alia) details of each individual item of expenditure that exceeds £500. This includes items such as individual invoices, grant payments, expense payments and payments for goods and services. Individual salary payments are not to be included. Publication should be made quarterly and,

on each occasion, not later than one month after the quarter to which the data and information refers. The Internal Auditor was able to confirm that the data relating to payments over £500 were readily accessible on the Council's website.

**16. Additional Comments.**

16.1 I would like to record my appreciation to the Clerk & Executive Officer and the Assistant Clerk for their assistance during the course of the audit work.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**26 May 2022**