

Report to Melton 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 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 2022/23, most notably the Pavilion Replacement Project, which received detailed consideration at Council and Committee meetings throughout 2022/23. The road crossings in Melton Road and the car parking area at Winifred Fison were other projects undertaken in the year of account.

1.3 The End of Year Internal Audit review was completed on 24 May 2023 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.

1.4 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. Key Policies, Procedures and Protocols are in place and these provide a solid foundation for the continuing operation of strong financial management and control.

1.5 The Accounts for the year confirm the following:

<i>Total Income for the year:</i>	<i>£162,817.26</i>
<i>Total Expenditure in the year:</i>	<i>£518,863.83</i>
<i>Total Reserves at year-end:</i>	<i>£223,883.04 (of which £166,492 is earmarked)</i>

1.6 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 2022/23 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2022):</i>	<i>Box 1: £579,930</i>
<i>Annual Precept 2022/23:</i>	<i>Box 2: £104,536</i>
<i>Total Other Receipts:</i>	<i>Box 3: £58,281</i>
<i>Staff Costs:</i>	<i>Box 4: £64,342</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £19,639</i>
<i>All Other payments:</i>	<i>Box 6: £434,883</i>
<i>Balances carried forward (31 March 2023):</i>	<i>Box 7: £223,883</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £240,815</i>
<i>Total fixed assets:</i>	<i>Box 9: £1,080,887</i>
<i>Total borrowings:</i>	<i>Box 10: £395,604</i>

1.7 Section Two of the AGAR is 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 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 11 May 2022. The first item of Parish Council business was the Election of a Chair, as required by the Local Government Act 1972. The Council reviewed Terms of Reference for Committees and Working Groups and agreed that no changes were required at that time and that each Committee would review/confirm their terms of reference at the first meeting in the 2022/23 year and appoint a Chair and Vice Chair at that meeting. Any proposed changes would be brought to Full Council for consideration.

2.2 At its meeting on 11 May 2022 the Council also received nominations to serve on its Committees, Panels and Working Groups and to represent the Council or work with external bodies. At the meeting the Council approved the use of variable direct debit, banker's standing order and the use of BACS and CHAPS.

2.3 **Authorised signatories** to the Council's bank and building society accounts were considered and agreed by the Council on 11 May 2022. The Council agreed the list of authorised signatories on the Council's accounts with Barclays Bank, Lloyds Bank and the Suffolk Building Society.

2.4 The Council operates its approach to planning under the **Melton Neighbourhood Plan**, which sets out the development plan for the parish over the period to 2030.

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 20 July 2022 and recommended to the meeting of Full Council on 28 September 2022 for approval. The Council accepted and agreed all proposed changes. A copy of the Business Plan has been published on the Council's website.

2.6 During the year 2022/23 the Council completed the major Pavilion Replacement Project. The project received detailed consideration at Council and Committee meetings throughout the 2022/23 year. The new Pavilion is located at the Recreation Ground on Melton Road and provides a small hall for meetings, lectures, parties, exercise classes and small group gatherings (max occupancy of 45 people). There is a small kitchen and two internal toilets as well as a public toilet. There is a car park at the Recreation Ground entrance and an accessible pathway to the Pavilion building. At the meeting on 18 January 2023 the Council noted that (excluding the batteries and the access road) the project came in within the agreed budget of £268,000.

2.7 **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 meeting on 11 May 2022 the Council considered and approved the updated Standing Orders following recommendations put forward by the FERM Committee on 13 April 2022.

2.8 **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 11 May 2022 following recommendations put forward by the FERM Committee on 13 April 2022. Further amendments were agreed by the Council at its meetings on 28 September 2022 and 18 January 2023. A copy of Financial Regulations has been published on the Council's website.

2.9 The Council's records show that the role of the **Responsible Financial Officer** (RFO) is within the Clerk and Executive Officer's Job Description. Pip Alder commenced duties as Clerk and Executive Officer with effect from 1 January 2022.

2.10 The **General Power of Competence** (GPoC) had not been adopted by the Council in 2022/23. 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 met the applicable criteria to apply the GPoC.

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 2023).

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.

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 meeting on 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. These include an Equality and Diversity Policy, Sickness/Absence Policy, Lone Working Policy and Health & Safety Policy.

2.17 The Council displays good governance practice by frequently considering and re-affirming its adherence to a **Code of Conduct for Councillors**. At the meeting on 11 May 2022 the Council formally resolved to adopt the new national Code of Conduct.

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.

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 Council's Accounts are maintained on the **Scribe Accounting System**. Scribe is a cloud-based operating system, accessed by personal log-in and password, and can be accessed through any internet platform and connection. The Scribe Accounting System is providing appropriate and sufficiently detailed information to Councillors to enable them to make informed decisions. The Council moved from the RBS Rialtas Alpha accounting system (which was used for closure of the 2021/22 Accounts) to the Scribe accounting software system following a month's trial in March 2022. Scribe supported the closure of the 2022/23 year of account and is continuing to support the Council's accounting system for 2023/24.

3.2 The Council demonstrates good practice by providing Councillors with read-only access to the Scribe system in order that they may view/confirm information independently. The Clerk/RFO confirmed to the Internal auditor that one Councillor has received training on the system and that other Councillors will similarly be offered training.

3.3 The End of Year Accounts as at 31 March 2023 have been prepared on an Income and Expenditure basis. During the course of the 2022/23 year the Scribe system has operated on a Receipts and Payments basis and then applies Income and Expenditure accounting at the Year-End when the entry of Debtors, Creditors, Accruals and any Payments in Advance are brought into account.

3.4 The Scribe Accounting System is well referenced and overall provides a good audit trail to the supporting documentation. The Payments system was tested during

the End of Year Internal Audit by examination of a sample of transactions in the 2022/23 year to verify that there is a clear audit trail from the underlying financial records to the Accounts, with supporting invoices and vouchers in place. VAT payments are tracked and identified within the system.

3.5 Pip Alder (Clerk and Executive Officer/RFO) and Fliss Waters (Assistant Clerk) are the system administrators to the Scribe system and have principal access to all functions.

3.6 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.

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

- a) £19,375.55 net reclaim for the period 1 April 2022 to 30 June 2022 (received at bank on 12 July 2022).
- b) £30,283.78 net reclaim for the period 1 July 2022 to 30 September 2022 (received at bank on 21 October 2022).
- c) £22,535.57 net reclaim for the period 1 October 2022 to 31 December 2022 (received at bank on 24 January 2023).

The £579.23 net reclaim for the period 1 January 2023 to 31 March 2023 is correctly shown as VAT Recoverable (Debtor) in the Balance Sheet as at 31 March 2023.

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. Bank reconciliations are completed and are presented to the Council and the FERM Committee; the bank statements are checked by the Chair, matched to the reconciliation and the documents signed to confirm the action taken. The Minutes of the meeting of the Council held on 16 November 2022 confirmed that the bank statements were checked and signed as accurate against the financial statements for the period ending 31 October 2022.

4.2 At the meeting on 18 January 2023 the Council amended Financial Regulations to provide that 'For each month of the financial year and at financial year-end, the bank reconciliations (for all accounts) together with the bank statements generated by the approved accounting software shall be submitted for approval by FERM Committee and Full Council in the months when they meet. The bank statements will be presented at the meeting and signed by the Chair to verify that the statements match the finance reports. For those months where there is no FERM or Full Council, the bank statements will be validated by either the Chair or Vice Chair of FERM.'

4.3 Reconciliation of individual bank accounts are completed within the Scribe 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.

4.4 The Internal Auditor confirmed the Council's Bank Accounts listed as at 31 March 2023 as a total of £240,815.49 consisting of the following accounts:

- Lloyds Bank Treasurer's Account £5,008.01
- Lloyds Instant Savings Account £128,626.67
- Suffolk Building Society Rent Deposit Account £5,153.64 *
- Suffolk Building Society Deposit Account £102,027.17 *

* Passbook entries listed at 30 November 2022. The Clerk/RFO agreed to obtain confirmation from the Building Society of balances as at the year-end, 31 March 2023.

4.5 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.

4.6 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. The Clerk/RFO confirmed that the Council is aware that the Council's deposits with Lloyds Bank and the Suffolk Building Society are currently significantly in excess of the £85,000 protection that would be afforded to the Council.

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 2022/23 and the Balance Sheet as at 31 March 2023** were examined and found to be in good order with supporting information being held within the Scribe 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 entries listed in the Balance Sheet as at 31 March 2023. The Current Assets in the Balance Sheet included the amount of VAT Recoverable from HMRC as at 31 March 2023 (£579.23) and Prepayments relating to Estate Charges for office service/maintenance (£590).

5.4 Under Current Liabilities, listed Creditors (outstanding sums not yet paid by the Council) in the Balance Sheet totalled £17,730 relating primarily to the Melton Road Crossings. Receipts in Advance (relating to Pavilion hiring) totalled £371.68. The Scribe system provides a reconciliation between the Accounts end of year balance (Box 7 of the AGAR) and Cash/Bank balances (Box 8).

5.5 A **Statement of Analysis of Variances** (explaining significant differences in receipts and payments between the years 2021/22 and 2022/23) has been prepared by the Clerk/RFO and 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 2021/22 was received and noted by Full Council on 15 June 2022. During the year 2022/23 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 2022/23 has been constructed by the Clerk/RFO and displays an Opening Balance for CIL Funds as at 1 April 2022 of £507,688.65, additions in the year of £18,097.63 and applications (spending) of £361,087.30. The amount of CIL Receipts retained as at 31 March 2023 is displayed as £164,698.98. (The figure shown as a CIL Reserve in Scribe stands at £148,698.98 because of a year-end adjustment of £16,000 for the pedestrian island crossings in Melton).

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 Both the FERM Committee and the Full Council have 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.

6.2 At its meeting on 15 June 2022 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 rather than evidence management of specific risks (Minute 22.67.03 refers). The report demonstrated how the Council both identifies and assesses its risks and the steps taken to manage and mitigate the risks identified.

6.3 Both the FERM Committee and Full Council demonstrate good practice by having a standing agenda item at each meeting to formally consider risk issues. During the year the Committee and the Council considered and updated as necessary the Risk Register with regard to the risk level at the Playing Field and the Pavilion.

6.4 The Council's **Internal Control Policy** was reviewed and approved at the Full Council meeting on 22 March 2023 (Minute 23.22.07 refers).

6.5 The Council's Risk Register was also reviewed by the Full Council at its meeting on 23 March 2023 and an update agreed (Minute 23.22.09 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.

6.7 A key area of risk for the Council involves the management of its play areas and play equipment. In this respect, the Annual RoSPA Inspections of the Play Area are reported to the Recreation Committee as well as any emerging issues arising. .

6.8 **Insurance** was in place for the year of account. At the Council's meeting on 28 September 2022 the Clerk/RFO reported upon the new premium. The Council approved the payment of the renewal premium of £5,471.58. The current Policy covers the period 1 October 2022 to 30 September 2023 and is part of a 3-year Long Term Agreement. The Council's Employer's Liability cover and Public Liability cover each stand at £10m.

6.9 The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £450,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end cash/bank balances plus 50% of the precept (JPAG Practitioners' Guide item 5.33 refers).

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

Precept 2022/23: £104,536 (19 January 2022, Minute 22.07.05 refers).

Precept 2023/24: £117,261 (18 January 2023, Minute 2306.03 refers).

7.1 Good budgetary procedures are in place. 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.

7.2 Similarly, the Budget Working Group met on 7 November 2022 and produced a Draft Budget for 2023/24 which was presented to the Council on 16 November 2022. The Council accepted the Draft Budget which proposed a Precept of £117,261. The final Budget and the Precept for 2023/24 were formally agreed by the Council at its meeting on 18 January 2023.

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 2022/23 year and the Internal Auditor examined the reports to Council meetings on 15 June 2022 and 28 September 2022 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 2022 to 30 June 2022 delivered to the FERM Committee on 20 July 2022 and

(b) The financial management reports for the period 1 April 2022 to 31 January 2023 delivered to the FERM Committee on 8 February 2023.

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 was undertaken by the Council and the Clerk/RFO regarding the financing of the Pavilion Replacement Project.

7.7 The **Overall Reserves** available to the Council at the year-end 31 March 2023 totalled £223,883 of which £166,492 (including the CIL Restricted Funds) are earmarked leaving £57,391 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 5.33 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 18 May 2022 the Recreation Committee reviewed the football hire charge (to remain at £120) and the tennis court charge (to remain at £6 per hour). The WTYFC hire agreement was also reviewed at the meeting.

8.3 The Recreation Committee considered the charges for hiring of the new Pavilion at its meeting on 6 July 2022. The charges were published on the Council's webpage and include £25 (4 hours) or £15 (2 hours) for weekday daytime sessions, £30 (4 hours) or £18 (2 hours) for evening and weekend sessions with a minimum hire for 2 hours. A 10% discount is available for charities and community groups as well as residents hiring for non-commercial events.

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. The Salary payment schedules for staff are verified and signed by Councillor Authorising Signatories alongside all other invoices/vouchers for payment.

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 23 March 2023 (Minute 23.22.10 refers). The Clerk/RFO reported to Council that the document was created within the Scribe finance software and updating with new assets was very simple and efficient.

11.2 The total value (using the Purchase Value) as at 31 March 2023 stood at £1,080,887 and reflects the construction of the Pavilion and the car parking at Winifred Fison House. The Council has previously agreed that the small stationery items would be grouped together under one umbrella item. Only new purchases over £100 are added to the register.

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 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 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) 2022/23.

11.5 The 2021/22 comparative figure in the AGAR for 2022/23 for assets has been re-stated from £716,077 to £711,484. This is because some items were incorrectly listed in 2021/22 using their current value rather than their purchase value. As referred to above, the Council uses Purchase Value as the basis for recording assets in the Council's Asset Register.

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 2022/23.

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. In event of no Councillor Signatories being available when an urgent payment needs to be made, the Council has agreed that the Clerk/RFO and the Assistant Clerk will authorise and release the payment and report the action to the next Council meeting.

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

13.5 The Internal Audit report for the previous year (2021/22) was received and noted by the Council at its meeting on 15 June 2022. The Report put forward two formal recommendations:

R1: '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 (FSCS) protection limit and determine if action needs to be taken to reduce any risks attached to the banking arrangements currently in place'.

- The Clerk/RFO reported to the FERM Committee on 20 July 2022 that £70,000 had been moved from Barclays into Lloyds to meet the FSCS threshold with Barclays. Once the Council's major projects had been completed and payment made, a decision would be taken regarding closing an Account and spreading the remaining funds between other Banks and Building Societies. An additional account with another provider might be considered, if necessary,

R2: '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'.

- At its meeting on 15 June 2022 the Council noted the recommendation and agreed that the issue was temporary in nature as the expenditure in the year 2022/23 (particularly that relating to the Pavilion Replacement project) would reduce the amounts held by the Council.

13.6 The Internal Auditor for the year 2022/23 was formally appointed by the FERM Committee at its meeting on 20 July 2022.

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

14.1 The External Auditor Report and Certificate 2021/22, prepared by PKF Littlejohn LLP, was dated 22 September 2022 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 28 September 2022.

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 website:

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

15.2 At the meeting held on 15 June 2022 the Clerk/RFO reported that the period for the exercise of public rights would commence on 1 July and end on 11 August 2022 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 2022.

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/document-category/annual-return/>

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 webpage:

<https://melton-suffolk-pc.gov.uk/document-category/full-council/agendas/>

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, CPFA

Internal Auditor

24 May 2023