

Report to Drayton Parish Council

The End of Year Internal Audit Review 2023/24

1. Introduction and Summary.

1.1 The Internal Auditor visited the Council offices on 1 May 2024 to complete the End-of-Year Internal Audit, which focussed upon an examination of the Accounts for the year 2023/24 and included a review of the adequacy of systems of internal control operating during the period October 2023 to March 2024. Sarah Hawken (Clerk to the Council) and Amy Pinkham (Assistant Clerk and Responsible Financial Officer (RFO)) were in attendance during the audit.

1.2 This End-of-Year Review builds upon the Interim Internal Audit Review completed in October 2023 which examined the adequacy of the internal controls operating during the period April 2023 to September 2023. The overall audit work undertaken in the year aimed to provide all necessary evidence to support the completion of the Annual Internal Audit Report within the 2023/24 AGAR.

1.3 The audit work confirmed that the Clerk and the Assistant Clerk/RFO are continuing to provide a high standard of support to the Council and are satisfactorily undertaking the administration of the Council's financial affairs, including the provision of appropriate financial management information to Councillors to enable them to make well-informed decisions. Effective management and financial control are demonstrated through the adoption and maintenance of a wide range of formal Policies, Procedures and Protocols.

1.4 The major project of the new Play Area on the Playing Field in the year has been funded by Community Infrastructure Levy (CIL) and Section 106 sums held by the Council.

1.5 In terms of strategic planning and development, the Council is working within the Drayton Neighbourhood Plan (NP), which covers the period up to 2026. The Council is looking to build a framework for the future through a NP Working Group which, alongside the Council's Committees, is due to identify and put forward medium-term Strategic Priorities and Action Plans to realise the Council's overall objectives.

1.6 The Accounts for the year confirm the following:

Total Income for the year: £754,058.11
Total Expenditure in the year: £288,087.40
*Total Reserves at year-end: £1,082,365.28 (of which £923,168.27 is earmarked/
restricted).*

1.7 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Assistant Clerk/RFO for inclusion in Section 2 Accounting Statements 2023/24 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £616,395</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £186,990</i>
<i>Total Other Receipts:</i>	<i>Box 3: £567,068</i>
<i>Staff Costs:</i>	<i>Box 4: £75,323</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £212,764</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £1,082,366</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £1,074,163</i>
<i>Total fixed assets:</i>	<i>Box 9: £912,966</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

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 2023/24 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. Comments and any recommendations arising from the End-of-Year 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 Council's overall governance arrangements were examined in detail during the Interim Internal Audit Review in October 2023. The **Annual Parish Council meeting** took place on 18 May 2023. The **Membership for the Council's Committees** (the Governance Committee, the Staffing Committee, the Open Spaces & Property Committee and the Environment & Highways Committee) was approved by the Council at the meeting on 18 May 2023, when the appointment of Councillors to Working Parties and Representative Bodies was also agreed.

2.2 The **Terms of Reference (ToR) for the Committees** were approved by the Council at its meeting on 13 July 2023. The Council approved new ToR for the Environment and Highways Committee on 12 October 2023.

2.3 The Council has a **Neighbourhood Plan (NP)** for Drayton in place. The Plan was adopted in July 2016 with an intended lifespan to 2026 and is being used as an overarching strategic planning document. A NP Working Group has recently been established by the Council with Terms of Reference approved.

2.4 The Council disbanded the **Strategic Working Party** at its meeting on 11 April 2024 with an alternative approach to identify and put forward medium-term Strategic Priorities and Action Plans to realise the Council's overall objectives. Effective management and financial controls are demonstrated through the adoption and maintenance of a wide range of formal Policies, Procedures and Protocols.

2.6 A **Scheme of Delegation and Organisational Chart** was adopted by the Council at its meeting on 6 April 2023.

2.7 The position of **Clerk** is held by Mrs Sarah Hawken. The position of **Assistant Clerk and Responsible Financial Officer (RFO)** is held by Mrs Amy Pinkham.

2.8 The Council has **Standing Orders** in place. At its meeting on 6 April 2023 the Council approved updated Standing Orders, which are in accordance with the latest Model Standing Orders and guidance issued by the National Association of Local Councils (NALC), tailored to meet the particular requirements of the Council. A copy has been published on the Council's website.

2.9 **Financial Regulations** are also in place. At its meeting on 6 April 2023 the Council approved updates to the Financial Regulations. Similarly on 9 November 2023 the Council agreed to amend Financial Regulations to permit internal bank transfers up to £75,000 in one transaction. A copy of Financial Regulations has been published on the Council's website.

2.10 The General Power of Competence (GPoC) ceased to take effect from May 2023 following the qualifying conditions no longer being met.

2.11 The **Minutes of the Council and the Committees** were well presented during 2023/24 and provided clear evidence of the decisions taken by the Council and its Committees.

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 Z9181224 refers, expiring 14 November 2024).

2.13 To demonstrate compliance with the **General Data Protection Regulations (GDPR)** the Council has adopted and maintains a Data Protection Policy, Document Retention Policy and Privacy Notices, CCTV Policy and Media Policy, all of which are published on the Council's website. Similarly, a Publication Scheme is in place in response to the requirements of Freedom of Information legislation.

2.14 In addition to the policies relating to data protection, the Council demonstrates good practice by maintaining a wide range of other formal **Policies, Procedures and Protocols** and these include a Tree Management and Hazard Risk Policy, Virtual Meeting Policy, Grants Policy, Credit Card Policy, Equality Policy, Safeguarding Policy and a General Reserves Policy.

2.15 The Council has also adopted appropriate **Staffing Policies** including a Pension Policy, a Long-Term Absence Policy, Lone Workers Policy, Sickness Absence Policy and a Staff Recruitment Policy. A Grievance Policy, Employment of Ex-Offenders Policy and Disciplinary Policy were agreed by the Council on 8 February 2024.

2.16 The Council maintains a list of its Key Documents and Policies which identifies each document/policy, the legal basis under which it is held, the adoption/approval date and the time when a review is scheduled. At its meeting on 13 July 2023 the

Council agreed to allocate Policy Holders to Committees and introduce an initial 3-year review period for all policies which can be varied as circumstances require.

2.17 At its meeting on 9 February 2023 the Council resolved to adopt the Model **Councillor Code of Conduct** as produced by the Local Government Association (LGA) for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. A copy of the Code has been published on the Council's website.

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

2.19 The National Association of Local Councils recommends local councils to consider registering under an official .gov.uk domain name with councillor email addresses linked to that domain name. At its meeting on 6 April 2023 the Council agreed to purchase the domain name of draytonparishcouncil.gov.uk. The Assistant Clerk/RFO confirmed that the domain name is now 'live' for Councillors to utilise the .gov email addresses with two training sessions having been held.

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.

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. Councillors have previously been offered and received training in this respect.

3.3 The End of Year Accounts as at 31 March 2024 have been prepared on an Income and Expenditure basis. During the course of the 2023/24 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 Interim Internal Audit by means of examination of a wide-ranging sample of transactions covering payments made in the period April 2023 to September 2023. This End of Year Internal Audit tested a smaller sample of transactions in the period October 2023 to March 2024 and verified the clear audit trail from the underlying financial records to the Accounts, with supporting invoices and vouchers in place.

3.5 Mrs Hawken (Clerk) and Mrs Pinkham (Assistant Clerk and RFO) are the system administrators to the Scribe system and have principal access to all functions. Mrs

Hawken and Miss Pinkham have received on-line training from Scribe to assist their knowledge of the system.

3.6 VAT payments are tracked and identified within the system. The Scribe operating system is effective in facilitating digital VAT returns to HMRC. Sample tests were undertaken by the Internal Auditor to ensure that the VAT element within payments is being clearly identified and appropriately accounted for within the Scribe system.

3.7 **VAT Returns** were submitted to HMRC as follows:

- a) £4,002.80 reclaim to HMRC for the period 1 January 2023 to 31 March 2023 (Quarter 4 2022/23) was received at bank on 26 April 2023.
- b) £42,380.84 reclaim to HMRC for the period 1 April 2023 to 30 June 2023 (Quarter 1) was received at bank on 14 July 2023.
- c) £4,041.23 reclaim to HMRC for the period 1 July 2023 to 30 September 2023 (Quarter 2) was received at bank on 8 November 2023.
- d) £4,118.40 reclaim to HMRC for the period 1 October 2023 to 31 December 2023 (Quarter 3) was received at bank on #22 January 2024.

3.8 The VAT Net Closing Balance of £4,770.25 is recorded in the Scribe accounting system as reclaimable as at 31 March 2024. The reclaim was submitted to HMRC on 3 April 2024 and received at bank on 9 April 2024.

4. 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).

4.1 The End-of-Year Accounts for the year 2023/24 were prepared on an Income and Expenditure basis from the Scribe accounting system. Test checks were made on the documents presented to the Internal Auditor. Supporting information was being held within the Scribe system to evidence the entries. Sample audit trails were examined and were found to be in order.

4.2 An Income and Expenditure accounting system requires a Balance Sheet and Lists of Year-End Creditors and Debtors to be constructed and these were examined by the Internal Auditor. The Income and Expenditure Account and Balance Sheet were examined in detail and any queries arising from the review were resolved with the Assistant Clerk/RFO. Key supporting entries in the Balance Sheet as at 31 March 2024 included the following:

- a) The Outstanding Debtors List (totalling £4,367.00) recorded as at 31 March 2024 consisted of NCC Parish Partnerships (£2,692.75), Absolute Sport and Leisure (£1,499.25 and RG Carter Bowls Club (£175).
- b) The £4,770.25 VAT recoverable from HMRC in respect of VAT paid in the final Quarter of 2023/24 was correctly recorded in the Balance Sheet.
- c) The Listed Creditors at the year-end totalled £935.33, recorded as invoices relating to Tree Maintenance (£160), Green Lanes (£720) and Stationery/ Software (£55.33).
- d) There were no prepayments listed in the Balance Sheet on the basis that insurance payments, subscriptions and other payments (such as Energy and Scribe Accounting costs) will, in practice, even out over periods of account and

may not be significant in the context of the overall finances of the Council to require each to be taken account of at the year end.

4.3 The Internal Auditor was able to confirm the reconciliation between Box 7 of the AGAR (Total Balances and Reserves Carried Forward) and Box 8 (Total Cash and Short-term Investments).

4.4 A Statement of Variances (explaining significant differences in income and expenditure between the years 2022/23 and 2023/24) has been constructed by the Assistant Clerk/RFO. The Statement supports the submission of Section 2 (the Statement of Accounts) in the AGAR to the External Auditors and has to be published on the Council's website,

4.5 A Community Infrastructure Levy (CIL) Report for the year 2023/24 has been constructed by the Assistant Clerk/RFO and displays a balance b/f from previous years of £257,739.68, CIL Receipts of £505,720.12 and CIL Payments of £99,935.72. The balance of £663,524.08 is displayed as retained as at 31 March 2024. The Annual CIL Report has to be published on the Council's website and has to be submitted to the District Council no later than 31 December 2024.

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

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

5.1 **Bank Reconciliations** are completed monthly and, with supporting details, are regularly presented to meetings of the Council and formally noted in the Minutes.

5.2 At its meeting on 7 December 2023 the Finance and General Purposes Committee agreed to increase the balances held with the Cambridge and Nationwide Accounts to £125,000 to spread the financial risk

5.3 The Internal Auditor examined in detail the Bank Reconciliation as at 31 March 2024. The Scribe accounting system displayed balances as at 31 March 2024 and these were confirmed to the bank statements as follows:

- a) Unity Current Account: £35,165.97. The on-line Bank statement was presented to the Internal Auditor.
- b) Unity Instant Access (Deposit) Account: £610,206.80. The on-line Bank statement was presented to the Internal Auditor.
- c) Cambridge Building Society: £125,000.00. A copy of the account displaying the balance was presented to the Internal Auditor. The Council's Chairman is the named administrator of this account. The Assistant Clerk/RFO advised that the account is administered entirely on-line by the Chairman under the name of the Council with no Building Society Passbook being made available to the Council.
- d) Broadland District Council (BDC) Investment Statement: £91,971.16. BDC had provided an investment statement and confirmed the balance as at 31 March 2024.
- e) Nationwide Instant Access Account: £126,819.43. The Statement from the Nationwide Building Society was presented to the Internal Auditor.

f) Skipton Community Saver: £85,000. Balance confirmed from a Statement from the Building Society.

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5.4 The total sums held in bank as at 31 March 2024 were accordingly £1,074,163 and have been recorded in Box 8 of the AGAR (rounded for purposes of the Return).

5.5 Whilst the Council demonstrates good financial practice by looking to spread its financial risks as far as practicably possible, amount held in the Unity Trust Bank (approximately £645,300 as at 31 March 2024 and supplemented by the receipt of 50% of the Precept in April 2024, approx. £98,000) is significantly in excess of the £85,000 protection under the Financial Services Compensation Scheme (FSCS) to the Council, as a smaller local council. The Council is advised to continue to review this issue under the risk management processes in operation at the Council.

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

Precept 2023/24: £186,990.00

Precept 2024/25: £196,495.51

6.1 The Precept decisions and amounts were agreed in Full Council and have been clearly Minuted.

6.2 A **Draft Budget for the year 2023/24** was considered by Full Council, displayed under each Committee, at its meeting on 24 November 2022. The Budget and precept of £186,990 for 2023/24 was agreed by the Council (Minute 4 refers). The Budget for 2023/24 is detailed and informative and can facilitate effective budgetary control and scrutiny during the year.

6.3 It is important that Councillors have the opportunity to receive sufficient information and data to identify any significant variations from budget and promptly determine any remedial action as necessary.

6.4 The Interim Internal Audit Report noted that the Council did not receive a timely report of the First Quarter's Income and Expenditure in the year compared with the budget in accordance with Financial Regulations. The Finance and General Purposes Committee received the Half Yearly Financial Statement 2023/24 at its meeting on 26 October 2023 alongside a Draft Budget for 2024/25. A Third Quarter Report was not presented to Council and the Clerk/RFO explained that during 2023/24 the Council received only Half-Yearly Income and Expenditure Reports.

6.5 It should be noted that the Council's Financial Regulations (item 4.8) provides that *'The RFO shall provide the Council with a quarterly statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances'*.

6.6 The Clerk/RFO confirmed that Quarterly Budget Monitoring Reports are due to be resumed from the year 2024/25.

6.7 The **Budget and the Precept for 2024/25** were considered and agreed by the Full Council on 11 January 2024. The Budget for 2024/25 is both detailed and informative and can act as a sound basis on which the Council could operate effective budgetary control and scrutiny during the year

6.8 A Reserves Policy is in place and was considered and approved by the Council at its meeting on 3 February 2022. Under the item of Management and Control of Reserves, the Policy provides that the level of General Reserves shall be reviewed on an annual basis during the annual budgetary review and agreed by the Council. The level of General Reserves to be held by the Council is set to be equal to between three and six months of predicted expenditure and Earmarked Reserves shall be reviewed on an individual basis.

6.9 The Overall Reserves available to the Council as at 31 March 2024 are recorded as £1,082,365.28. The Accounts record Earmarked/Restricted Reserves of £923,168.27 as follows:

CIL Restricted Reserve:	£663,524.08
3G Surface Replacement:	£24,000.00
KGV Access Posts:	£3,403.00
KGV Enhancements:	£21,700.00
KGV Rebuild:	£4,000.00
LED Floodlights:	£5,500.00
LD Refurbish Car Park:	£9,950.00
New Play Equipment:	£61,837.00
Safety Surfacing Longdale:	£440.20
Staffing Contingency:	£7,804.00
Election Reserve:	£2,500.00
Play Area Repairs:	£3,000.00
Buildings Maintenance Contingency:	£20,000.00
Tree Maintenance:	£5,440.00
Streetlighting:	£90,069.99

6.10 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) of £159,197.01 (81% or 9.5 months equivalent of the 2024/25 Precept) are in line with the Council's Reserves Policy and in accordance with the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the JPAG Proper Practices Guide, Item 5.33 refers).

6.11 As at 31 March 2024 the Council held sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

7. 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. Identifying VAT payments and re-claims. Any previous audit recommendations implemented).

7.1 Satisfactory documentation is being held within the Council to evidence the operation of adequate and effective internal financial controls. The financial control systems in place, including the read-only access to the Scribe accounting system used by the Chairman and Councillors, assists in maintaining adequate and effective internal financial control.

7.2 Councillors are being provided with financial information and advice to enable them to make informed decisions. The Council has a standing agenda item under which the Clerk and the Assistant Clerk/RFO present Finance and Governance matters including Bank Reconciliations and the Approval of a List of Receipts and Payments.

7.3 At its meeting on 23 June 2022, the Governance Committee considered the presentation of payments and receipts to all Councillors prior to Council meetings and agreed that a Scribe Report would be presented to Councillors detailing the receipts and payments within a specified period. The report would be sent out to Councillors at the same time as the agenda to allow Councillors to review the proposed payments.

7.4 The Council has agreed to include the List in the published Minutes of the Council's meetings. The publication of the financial information meets the requirements of the Local Government Transparency Code 2015 which provides that a local council which has gross annual income or expenditure (whichever is the higher) exceeding £200,000 must publish details of each individual item of expenditure that exceeds £500 other than detailed salary payments.

7.5 There is a clear audit trail from the underlying financial records to the Accounts, with supporting documentation in place. The current arrangement in place provides that the Clerk and Assistant Clerk/RFO receive the invoice and any associated paperwork, enter the data onto the Scribe Accounting System and construct a Payments Awaiting Authorisation List, suitably notated for ease of reference. This List is submitted electronically to four authorised Councillor Signatories, any two of whom can complete the payment authorisation process through online Unity Banking.

7.6 Arrangements are in place for the Councillor Signatories to examine/check the associated paperwork/invoices electronically against the Payments Awaiting Authorisation List prior to authorising payment. The careful review and confirmation/approval by the Councillor Signatories at this stage in the process is an important final element in protecting the Council's position in terms of control over payments.

7.7 Payments are now made almost entirely on-line or through direct debit/standing order. The Assistant Clerk/RFO confirmed to the Internal Auditor that only one cheque had been prepared during the year 2023/24, being a deposit of £37,993.28 to

the Cambridge Building Society. The cheque counterfoil was signed/initialled as required by Financial Regulations.

7.8 A nominated Councillor has undertaken **Quarterly Internal Control checks**, an important duty within the Council's internal control framework. The Quarterly Internal Control checks are being presented to the Finance and General Purposes Committee.

7.9.10 At its meeting on 15 June 2023 the Governance Committee appointed Councillor Taylor as **Examining Councillor** to undertake internal control checks for proper bookkeeping for the 2023/24 year. The Finance and General Purposes Committee meeting on 26 October 2023 received the Examining Councillor's two Finance Reviews for the periods ending 30 June 2023 and 30 September 2023. The Committee received Quarter 3 review at the meeting on 21 March 2024. The Examining Councillor's reviews during the year 2023/24 can assist inform the Council in its completion of the Annual Governance Statement 2023/24.

7.10 The Council considered and approved the Proposal for **Internal Audit Services** at its meeting on 6 April 2023 and formally appointed the Internal Auditor who was directed to undertake two internal audit reviews in the financial year, an Interim Audit Review during the year and an End-of-Year Internal Audit Review following the completion of the accounts for the year.

7.11 The **Interim Internal Audit Report for 2023/24** dated 2 November 2023 was received by the Finance and Governance Committee on 7 December 2023. **The progress being achieved in meeting the recommendations put forward in the Report is outlined at Appendix A at the end of this Audit Report.**

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

8.1 At the beginning of the year 2023/24 the Council's Payroll Services were operated in-house using HMRC's PAYE software platform.

8.2 At its meeting on 6 April 2023 the Council agreed to outsource Payroll Services to the Norfolk Association of Local Councils (Norfolk ALC) as recommended by the Staffing Committee. The Assistant Clerk/RFO advised the Internal Auditor that the arrangement with Norfolk ALC commenced from the June 2023 payroll.

8.3 The Assistant Clerk/RFO advised the Internal Auditor that all necessary calculations for Salary, Wages, PAYE, NI contributions and pension contributions are currently being undertaken by the Norfolk ALC. An electronic copy of payslips and details of payments to be made are produced (displaying net salary/wage payments and the amounts due to HMRC) from which the Payments List (the Unity On-line Pending Transaction List) is prepared for authorisation by the Councillor Signatories. Electronic payments to staff are then made, in accordance with the approved procedure for accounts payable. The payments to staff by bank transfer are ratified at meetings of the Council.

8.4 The Interim Internal Audit Report dated 2 November 2023 examined in detail the payroll operations during the period April to September 2023.

8.5 The Internal Auditor undertook test checks on a sample of salary payments made in the period October 2023 to March 2024 and confirmed that:

a) **Clerk to the Council.** An increment (to SCP 31) was payable from 1 April 2023. At its meeting on 13 July 2023 the Council revised the overall administrative staffing hours to 48 to enable both its senior officers to work 24 hours per week. On 14 September 2023 the Council approved an increase in the Clerk's working hours from 22 to 24 per week. As at 31 March 2024 the salary paid to the Clerk was at SCP 31 for 24 hours per week, with SCP 32 in place with effect from 1 April 2024.

b) **Assistant Clerk/RFO.** At its meeting on 13 July 2023 the Council approved an increase in the Assistant Clerk/RFO's working hours from 22 to 24 commencing September 2023. The Council also approved an increase of 4 SCPs with effect from 1 August 2023 (from SCP 20 to SCP 24). The normal annual increment is to be applied from 1 April 2024. As at 31 March 2024 the salary being paid to the Assistant Clerk/RFO was at SCP 24 for 24 hours per week, with SCP 25 in place with effect from 1 April 2024.

c) **Maintenance Operative (now Parish Ranger).** At its meeting on 14 December 2023 the Council approved the movement from locally agreed rate of pay onto an NJC Contract and Payscale with effect from 1 January 2024. (SCP 6 with essential car user allowance from 1 January 2024).

8.6 The P60 End of Year Certificates for staff were made available to the Internal Auditor.

8.7 In terms of the requirements under the **Workplace Pensions legislation**, the Interim Internal Audit in October 2023 confirmed that the necessary re-declaration to the Pensions Regulator was completed on 31 March 2022. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

8.8 The Council currently retains the services of **Personnel and Advice Solutions Ltd** for support on Human Resource matters which includes (inter alia) construction and updating of employment contracts, staff handbooks and all necessary employment related documents and written procedures.

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

9.1 A Unity Trust Bank Commercial Multipay Credit Card is in use. The credit limit for the Card stands at £3,000, as agreed by the Council on 7 May 2020 following a recommendation from the Governance Committee. Settlement of the outstanding amount is made in full by monthly direct debit.

8.2 Two cards were used in 2023/24, one held by the Clerk and the other held by the Maintenance Operative. Both cards were under the overall control of the Clerk and managed online within one account. No one item shall exceed £1,000 without the prior permission of the Clerk.

8.3 At its meeting on 26 October 2023 the Finance and General Purposes Committee agreed to order a credit card for the Assistant Clerk/RFO with a limit of £1,000 and the card is now 'live'.

8.4 The Assistant Clerk/RFO confirmed that credit card transactions are examined on a sample basis by the Councillor undertaking the Quarterly examination of internal controls to verify that transactions are in accordance with the instructions given to staff and are supported in each case by an invoice/voucher.

8.5 The Council does not operate a Petty Cash Account.

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

10.1 The Receipts system is operated within the Scribe Accounting System. There is a clear audit trail from the income recorded in the accounting system to bank account statements.

10.2 A sample of transactions in the period April 2023 to September 2023 was examined during the Interim Internal Audit and found to be in order. Similarly, a sample of transactions in the period October 2023 to 31 March 2024 was examined during this End of Year Audit to confirm that adequate records and documentary evidence in the Scribe accounting system are being retained to support the income received.

10.3 The Minutes of Council meetings confirm that the Council currently receives and approves a List of Receipts. The Lists are included within the published Minutes of the Council's meetings.

10.4 The Council's routine sources of income (other than the Precept, CIL monies, VAT recovery from HMRC and Grass Cutting contributions from Norfolk CC) relate to income from leases with the Bowls Club and Absolute Sport and Leisure, Pavilion lettings, football and cricket pitch hire fees, donations and bank interest.

10.5 The Council regularly reviews and agrees the charges applied to Absolute Sport and Leisure, the football teams and the Cricket and Bowls Clubs.

10.6 At its meeting on 2 March 2023 the Open Spaces and Property Committee reviewed the ongoing contract with Absolute Leisure and agreed a Quarterly Charge increase to £1,449.25 in line with CPI as at December 2022.

10.7 The Council considered and approved the Hire Charges for 2023/24 at its meeting on 9 March 2023.

10.8 At the meeting held on 8 February 2024 the Council reviewed and agreed the Bowls Club's lease of the clubhouse and green. Under the new proposal the Bowls Club would pay £375 lease charge plus an insurance contribution of £175. The lease would be extended for one year.

10.9 The Council continues to encourage debtors to pay directly into the Council's bank account in order to reduce the administration and costs associated with the handling of cheques and cash.

10.10 The List of Outstanding Sales (Debtors) as at 31 March 2024 from the Scribe system revealed that there was a debt of £4,367 owing to the Council and £4,770.25 VAT payments due for recovery from HMRC.

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

11.1 An **Internal Control Document** is in place. The document is comprehensive and lists the Internal Controls, the risks identified, the current procedure, any potential for improvements and any action required to be taken.

11.2 Similarly, a **Financial Risk Assessment** document is in place, The document is comprehensive and itemises the risks identified, a risk status of high, medium or low and the action being taken to manage and mitigate the risks. The arrangements were adopted by the Council on 6 April 2023 (within the 2023/24 year, Minute 13e refers).

11.3 The documents were again reviewed and agreed by the Finance and General Purposes Committee on 21 March 2024 and the Minutes of the Committee were reviewed and agreed by the Council at its meeting on 11 April 2024 (within the 2024/25 year).

11.4 It is considered that the Council complied with the Accounts and Audit Regulations 2015 (Section 4) which require a review by the Full Council at least once each financial year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

11.5 At its meeting on 18 May 2023 the Council approved a **Three-year long-term agreement with BHIB Insurers for insurance cover (ending 31 May 2026)**. On 20 June 2023 the Parish Council insurance was renewed at a cost of £3,629.18 for the 2023/24 year.

11.6 The insurance cover held with BHIB (underwritten by Aviva Insurance Ltd.) covers the period 1 June 2023 to 31 May 2024 and includes Employer's Liability cover of £10m and Public Liability cover of £10m.

11.8 The Fidelity Guarantee (Employee and Councillor Dishonesty) cover stands at £1m which is marginally less than the recommended guideline that the level of cover should be adequate to cover the maximum level of cash resources held by the Council at any one time (normally the level of Reserves at the year end plus 50% of the Precept which in the Council's case is £1,082,365 plus £98,247 = £1,180,612.

11.9 The issue was discussed with the Assistant Clerk/RFO who agreed to consult the insurers and the Council regarding an increase in the cover.

11.10 As part of meeting its risk management responsibilities for the play equipment, the Council arranged for an Annual RoSPA Playground Inspection to take place at Florence Carter, Longdale and King George V children's play areas. The Annual Inspection Reports were received and considered by the Open Spaces & Property Committee on 22 June 2023. The Maintenance Operative (Parish Ranger) continues to attend to all necessary minor items that require attention in the play areas.

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

12.1 The Asset Register has been integrated into the Scribe accounting system and records the value of assets at purchase cost or at a suitable proxy value where the purchase cost is not known. Community Assets are valued at a nominal value of £1.

12.2 The Interim Internal Audit in October 2023 noted that cover in the Insurance Schedule (which provides an overall amount of cover and not specific amounts for the Council's assets) had been reviewed alongside the Asset Register to ensure that both were accurate, consistent and up to date.

12.3 The Council noted on 12 October 2023 that the Register had been updated with respect to Street Lights.

12.4 As at 31 March 2024 the value of Assets is displayed as £912,966, an increase of 73,658 over the £839,308 displayed in the AGAR at the end of the previous year, 31 March 2023. The Assistant Clerk/RFO advised the Internal Auditor that the net increase reflected Additions of £6,494, Disposals of £115 and an Increase in Value of recorded play equipment of £67,279.

12.5 The Register was examined by the Internal Auditor to confirm that it complies with current requirements (which provide that each asset should be recorded on a consistent basis, year-on-year) and in order that appropriate certification can be made in the Annual Internal Audit Report within the AGAR for the year 2023/24.

12.6 The value of the assets as at 31 March 2024 has been correctly recorded in Box 9 of the AGAR 2023/24.

12.7 As part of the development of the governance functions relating to Asset Management, at its meeting on 4 June 2020 the Council agreed that the then Clerk/RFO should investigate the Registration of Parish Council owned land. The Council noted at its meeting on 6 August 2020 that Spire Solicitors LLP held two conveyances and the Clerk/RFO in post at that time intended to apply for first registration of both areas and commence investigations to facilitate the registration of Florence Carter Memorial Park and Longdale. The Clerk/RFO reported to Council on this matter on 6 January 2022 and advised that the Land Registration was still to be completed. The matter remains outstanding at the time of this audit report.

13. External Audit (*Recommendations put forward or comments made following the annual review*).

13.1 The External Audit Report and Certificate for the year 2022/23 was completed by PKF Littlejohn LLP on 20 September 2023.

13.2 The External Auditors' Report and revised AGAR was received and noted by the Council at its meeting on 12 October 2023.

14. Publication Requirements.

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

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

14.2 The Internal Auditor confirmed that the required documents were readily accessible on the Council's website.

14.3 At its meeting on 8 June 2023 the Council noted the dates of the Period for the Exercise of Public Rights (12 June 2023 to 21 July 2023).

14.4 Following the completion of the External Audit, the Regulations provide that the authority must publish on its website no later than 30 September each year:

- The Notice of Conclusion of Audit
- AGAR - Section 3 (the External Audit Report and Certificate)
- AGAR - Sections 1 and 2 (to display any amendments as a result of the Limited Assurance Review).

14.5 The Interim Internal Audit in October 2023 confirmed that the relevant documentation was displayed on the Council's website.

15. Additional Comments.

15.1 I would like to record my appreciation to Sarah Hawken (Clerk/RFO) and Amy Pinkham (Assistant Clerk/RFO) for their assistance and support during the course of this End of Year Internal Audit.

15.2 I would particularly like to commend the Assistant Clerk/RFO for the excellent presentation of the Council's documents for the audit.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

10 May 2024

Appendix A

Update on actions taken following the recommendations in the Interim Internal Audit Report dated 2 November 2023

The Interim Internal Audit Report 2023/24 was considered and approved by the Finance & General Purposes Committee on 7 December 2023. The progress in meeting the Recommendations is as follows:

Recommendation 1: Whilst the Council demonstrates good financial practice by looking to spread its financial risks as far as practicably possible, bearing in mind the significant funds held with Unity Bank, the Council should aim to promptly conclude the opening of accounts with Santander and the Skipton Building Society and to continue to review this issue under the risk management processes in operation at the Council.

Update as at 1 May 2024: The Committee agreed to increase the balances with the existing accounts (Cambridge and Nationwide) to approximately £125,000 each to limit the potential loss to £40,000 in each account. This arrangement would continue to comply with the Council's Financial Risk Assessment and a new account with Skipton Building Society was opened to further spread the financial risk.

Recommendation 2: The Council should in future promptly receive Quarterly Reports on Income and Expenditure in the year compared with the budget in accordance with Financial Regulations.

Update as at 1 May 2024: The Assistant Clerk/RFO advised that Quarterly Budget Monitoring Reports will resume during 2024/25.

Recommendation 3: As part of the consideration of the 2024/25 Budget the Council should review the overall level of General Reserves being maintained in order to comply with the Council's approved Reserves Policy and the JPAG Best Practices Guide.

Update as at 1 May 2024: The overall level of General Reserves was considered at the Budget meeting of the Council on 23 November 2023 and was approved at the meeting on 11 January 2024.

Recommendation 4: The Full Council should formally review (before the end of March 2024) the Internal Control and Risk Management documentation with a suitable Minute taken to evidence the review.

Update as at 1 May 2024: A review of the Internal Control and Risk Management documentation was carried out by the Finance and General Purposes Committee on 21 March 2024 and the Minutes of the Committee were reviewed and agreed by the Council at its meeting on 11 April 2024 (within the 2024/25 year).