Report to Roydon Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2021

1. Introduction and Summary.

1.1 The Internal Audit for the year 2020/21 was undertaken during a period of time when many restrictions were still in place following the covid-19 pandemic; there were continuing restrictions on people meeting and working away from home and social distancing was still in place.

1.2 Accordingly, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Wendy Benson, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. All relevant published data held on the Council's website was accessed by the Internal Auditor. This detailed Audit Report, and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR), were accordingly completed. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in this report in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 The Internal Audit work undertaken confirmed that during the 2020/21 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control.

1.4 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's RFO, satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.5 The Accounts for the year confirm the following:

Total Receipts for the year: £27,800.71
Total Payments in the year: £21,864.27
Total Reserves at year-end: £24,897.74

1.6 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2020/21 (rounded for purposes of the Return):

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Balances at beginning of year (1 April 2020):	*Box 1: £18,961*
Annual Precept 2020/21:	*Box 2: £25,000*
Total Other Receipts:	*Box 3: £2,800*
Staff Costs:	*Box 4: £5,482*
Loan interest/capital repayments:	*Box 5: nil*
All Other payments:	*Box 6: £16,381*
Balances carried forward (31 March 2021):	*Box 7: £24,898*
Total cash/short-term investments:	*Box 8: £24,898*
Total fixed assets:	*Box 9: £467,083*
Total borrowings:	*Box 10: nil*

1.7 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 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 agreed Audit Plan. 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 New Regulations brought into effect as a result of the covid-19 pandemic enabled local councils to hold remote meetings (including by video and telephone conferencing) until May 2021. The Council accordingly held meetings through the Zoom platform during the year 2020/21.

2.2 Active involvement continued to be taken in the progression of the Diss and District Neighbourhood Plan (DDNP) as part of the Council's overall development pathway, with detailed progress reports being presented to each meeting of the Council. A comprehensive up-date, including a synopsis of the history of the Plan, key facts and on-going work, was provided to Council at its meeting on 1 September 2020, with questions taken from residents regarding the Plan under the Public Forum agenda item. The Council is routinely updated with details of the consultations undertaken with local residents and the programme of future work.

2.3 The Council continues to place emphasis upon community engagement. At its meeting on 1 September 2020 the Council agreed that a Parish Council Facebook page - 'Roydon (near Diss) Parish Council' - should be set up and administered by the Clerk/RFO. The Council noted that residents would be encouraged to 'follow' this page and all relevant and topical information would be posted there as well as on the Parish Council website (Minute 12 refers). At the meeting on 6 October 2020 the Clerk/RFO reported that the Facebook page was now 'live'. A Social Media Policy, setting out a code of practice to provide guidance for Staff and all Parish Councillors in the use of social media (Facebook and Twitter) was adopted. A copy of the Policy has been published on the Council's website.

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2.4 In addition, at the Council's meeting on 8 July 2020, the Clerk/RFO reported upon the website accessibility regulations to apply no later than 23 September 2020 (Minute 5 refers). The Council applied good practice by publishing a Website Accessibility Statement, which details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible or where there would be a disproportionate burden to secure full accessibility with contact details to report accessibility problems.

2.5 Standing Orders are in place. At its meeting on 29 October 2019 the Council reviewed, updated and approved the Standing Orders, which are based on the model document published by the National Association of Local Councils (NALC).

2.6 NALC has since published revised Model Standing Orders (entitled 2018 revised 2020) with amendments at Section 18 (items f and g) to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment can be included at the Council's next review of Standing Orders**.**

2.7 Financial Regulations are in place; they are also based on the model document published by NALC and were reviewed, agreed and adopted by the Council at its meeting on 26 November 2019 (Minute 7 refers).

2.8 NALC has since advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to item 11.1 (c) can be included at the Council's next review of Financial Regulations.

2.9 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. Due to the remote working arrangements the signed copy Minutes were not examined but the Clerk/RFO confirmed that all pages of the Minutes are signed by the Chair of the meeting at which the Minutes are approved.

2.10 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 ZA556137, expiring 31 October 2021). The Council has a General Data Protection Regulations Policy in place.

2.11 As part of the response to the Freedom of Information requirements, the ICO's Model Publication Scheme had been adopted by the Council and is published on the Council's website. Similarly, a Guide to Information Published under the Model Publication Scheme is in place and has been published on the Council's website.

2.12 The Council has a Training and Development Policy, an Equality Policy and Social Media Policy in place and have been published on the Council's website.

2.13 At its meeting on 1 October 2019 the Council considered and agreed the Code of Conduct, after making minor alterations (Minute 8d refers) The Council demonstrates good practice by periodically reviewing the Code of Conduct, to emphasise the requirements and responsibilities placed upon each individual Councillor and for the purposes of discharging the Council's duty to promote and

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maintain high standards of conduct within its area. A copy of the Code has been published on the Council's website. During the year 2020/21, the LGA and NALC consulted local councils upon a new Model Code of Conduct for Councillors

2.14 The Clerk/RFO has completed a Community Infrastructure Levy (CIL) Report for the year 2020/21 which has to be submitted to the District Council no later than 31 December 2021. The balance of unspent CIL monies brought forward as at 1 April 2020 is recorded as £83.86 and this was applied to the Community Newsletter in the year 2020/21. There were no CIL receipts recorded in the year 2020/21. Accordingly, there is a Nil balance in the CIL Fund as at 31 March 2021.

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 Clerk/RFO provided the Internal Auditor with a copy of the Cashbook Spreadsheet, which included details of the Payments List and the Receipts List. The Payments List revealed a total of £21,864.27 payments in the year of account. VAT payments are tracked and separately identified within the List to assist reclaims to HMRC. The Receipts List displayed a total of £27,800.71 receipts in the year of account.

3.2 Both the Payments List and the Receipts List in the Cashbook are well referenced and facilitate an audit trail to the Bank Statements and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. In view of the Internal Audit for 2020/21 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2020/21 transactions should be examined at the next scheduled audit or when circumstances permit. The Clerk/RFO has confirmed to Internal Audit that all payments made in 2020/21 were supported by invoices/vouchers.

3.3 Frequent reclaims are being submitted to HMRC for VAT paid. A VAT re-claim of £1,151.37 is recorded in the Receipts List as being received on 3 April 2020. Similarly, a VAT re-claim of £286.62 for the amount of VAT paid in the period April 2020 to September 2020 is recorded in the Receipts List as received on 27 October 2020 and was reported to Council on 8 November 2020.

3.4 The Clerk/RFO has advised that an outstanding amount of £1,145.21 VAT paid during the period October 2020 to March 2021 was due from HMRC as at the year end 31 March 2021 and a claim has been submitted to HMRC.

3.5 A Statement of Variances (explaining significant differences in receipts and payments between the years 2019/20 and 2020/21) has been prepared by the Clerk/RFO for submission to the External Auditors and for publication on the Council's website.

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

4.1 The Council last reviewed and approved the effectiveness of its internal control arrangements at its meeting on 1 October 2019. At its meeting on 3 March 2020 the Council reviewed and approved the adoption of its Risk Management Scheme (Minute 8 refers). There is no formal record of the Council reviewing its internal control and risk management arrangements in the year 2020/21.

4.2 The Council accordingly failed to comply 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 management of risk, with the review suitably Minuted. Accordingly, the Internal Auditor is required to place 'No' in Box C of the Annual Internal Audit Report in the AGAR 2020/21.

Recommendation 1: During the year 2021/22 the Council should review the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, and Minute the review to evidence the action taken.

4.3 Insurance was in place for the year of audit. At its meeting on 2 June 2020 the Council approved the insurance renewal premium of £550.01 to BHIB (insurance brokers), the cover being provided by Aviva Insurance for the forthcoming year (1 June 2020 to 31 May 2021).

4.4 The Employer's Liability cover and Public Liability cover each stand at £10m. The Clerk/RFO has confirmed that the Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £250,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

4.5 The Council has previously accepted responsibility for the Village Hall Buildings Insurance and a 5-year long-term agreement is in place. At its meeting on 6 October 2020 the Council approved the payment for £883.58, being the renewal premium for 2020/21.

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

Precept 2020/21: £25,000

Precept 2021/22: £26,533

5.1 The Clerk/RFO presented Quarterly Budget Monitoring Reports to the Council at the meetings held on 8 July 2020, 6 October 2020 and 5 January 2021. The Reports compared the Budget with expenditure and income for the 2020/21 year, displaying the budgetary headings and displaying the % Budget spent. The reports demonstrate

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that the estimates for 2020/21 were used effectively for financial control and budgetary control purposes in the year of account.

5.2 A proposed Budget and Precept for the year 2021/22 was discussed and agreed by the Council at its meeting on 5 January 2021. The Minutes clearly state the amount of the Precept agreed (£26,533) and notes that it represented a 6.1% increase from the previous year, mainly due to the required expenditure on the DDNP (Minute 6 refers).

5.3 The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and the holding of adequate reserves.

5.4 The Overall Reserves at the year-end 31 March 2021 totalled £24,897.74, of which £2,415 has been Earmarked as follows:

Allotments:	£500
Streetlights:	£1,600
Village Hall:	£315

5.5 The General Reserves (Overall Reserves less Earmarked Reserves) held at 31 March 2021 accordingly stood at £22,482.74 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 (in effect, the Precept less any loan repayments - the JPAG Proper Practices Guide, Item 5.32 refers).

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

6.1 In view of the remote/electronic working arrangements, receipts were only examined in overall terms in relation to the Receipts List and the Bank Reconciliation as at 31 March 2021.

6.2 The Council receives income from Allotment Tenants. At its meeting on 1 September 2020 the Council undertook a review of Allotment Rents and water charges. The Council noted that it was probably more than 5 years since a rent increase had been made and during that time the running costs (water rates and maintenance) had increased. The Council accordingly agreed that a small increase in rent and water charge be imposed, the fees of £32 full plot (an increase of £1.50 rent and 50p water) and £16 half plot (an increase of 75p rent and 25p water) to come into effect from October 2021 giving the required 1 year's notice within the renewal letters (Minute 9 refers).

6.3 The Council receives details of the income received from Allotment Rents within the report of Payments/Receipts. The Clerk/RFO reports on any outstanding rents due.

6.4 The Clerk/RFO confirmed that a Register of Allotment holders is maintained and includes details of payments and deposits made.

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

7.1 Payroll Services are operated in-house in accordance with HMRC requirements. Detailed payslips are produced and PAYE is in operation. A copy of the Clerk/RFO's P60 End of Year Certificate for the 2020/21 year was presented to the Internal Auditor.

7.2 the Council has previously approved the funding of CiLCA training for the Clerk/RFO (at its meeting on 25 June 2019) with the undertaking of the course having been included in the Clerk/RFO's Contract of Employment.

7.3 The Council discussed and agreed a revision of the Clerk/RFO's salary at the meeting held on 1 September 2020 and agreed to advance the salary to Scale Point 20 of the NJC pay scale from 1 September 2020 (Minute 16 refers).

7.4 With regard to the meeting of legislation relating to workplace pensions, the Pensions Regulator confirmed on 16 September 2020 that the Council had completed a re-declaration of compliance under the Pensions Act 2008 on 15 September 2020. (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. Assets Controls *(Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover).*

8.1 An Asset Register is in place and was last reviewed by the Council at its meeting on 1 October 2019. There is no record of the Council reviewing and adopting the Asset Register in 2020/21. It is good financial practice for a local council to review its Asset Register each year to confirm that all assets continue to be appropriately recorded and that any new acquisitions or any deletions from the Register can be formally approved. The Clerk/RFO has advised that the Asset Register is due to be presented to Council at its meeting in May 2021.

8.2 As at 31 March 2021 the Register displays a total valuation of £467,083, an increase of £100 over the valuation at the end of the previous year and reflects the acquisition in the year of a filing cabinet. The assets are largely valued at cost; some items are valued at a nominal/community value of £1.

8.3 The Village Hall and Village Hall Gates are valued overall at £352,000. The Clerk/RFO advised that the valuation of the Village Hall was carried out by TW Gaze in 2017 when it was discovered that the Parish Council owned the premises and the deeds were put in the Council's name. The value was subsequently placed on the Asset Register.

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8.4 The Council demonstrates good practice by closely checking the insurance cover against the Council's Asset Register to ensure that all items are adequately covered. The Clerk/RFO reported upon her review at the meeting held on 8 July 2020 (Minute 5 refers).

8.5 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The value has been correctly entered into Box 9 of Section 2 of the AGAR.

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

9.1 The Clerk/RFO routinely presents Bank Reconciliations to meetings of the Council. The Barclays Business Current Account and Barclay Savings Account statements as at 31 March 2021 reconciled to the End-of-Year accounts and agreed with the overall Bank Reconciliation.

10. Petty Cash *(Associated books and established system in place).*

10.1 A Petty Cash system is not in use; an expenses system is in place, with cheques being made out for expenses incurred.

11. 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).*

11.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

12. 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).*

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides comprehensive financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

12.2 The Council demonstrates good financial practice by receiving details of the current financial position, including bank balances and a completed Bank Reconciliation and a Schedule of Payments to be authorised by the Council.

12.3 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework. Invoices/vouchers are presented to Councillors at the time of signing the cheques and the Clerk/RFO confirmed to Council on 8 July 2020

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that each invoice/voucher is being initialled by the cheque signatories in confirmation of the payment being correctly made (Minute 5 refers).

12.4 In having to adapt procedures to the unprecedented situation of the pandemic, it has not been possible for Cheque Book counterfoils to be initialled in all cases by Cheque Signatories (in accordance to the requirements of the Council's Financial Regulations 'Instructions for the making of payments'). The Clerk/RFO advised the Internal Auditor that all invoices in the year were being initialled and all payments were listed in the Minutes of the Council as well as the bank statements signed by the Chairman.

12.5 At its meeting on 8 November 2020 the Council considered the tenders received relating to the Streetlight upgrade to LED project. The work had been advertised on the Contract Finder Website in accordance with the legal requirement on all contracts over £25,000, in accordance with the Council's Standing Orders. The Clerk/RFO presented reports to councillors prior to the meeting regarding the timeline, funding and tenders. The Council agreed to taking out a loan (through PWLB, via the Norfolk Association of Local Councils) and to use the remainder of the CIL money, not already allocated. The proposal to accept the quote from a company identified on the tender's report was agreed (Minute 9 refers). The Clerk/RFO reported to Council on 5 January 2021 that it was envisaged that the project would be ready for commencement in April 2021 with a required completion date of 30 September 2021.

12.6 The Internal Audit report for the year 2019/20 was received and accepted by the Council at its meeting on 2 June 2020 (Minute 7a refers). The following recommendations had been put forward:

R1: The Council should consider the development and adoption of a range of formal Policies, Procedures and Protocols in order to enhance the existing overall governance arrangements. (This is being addressed by the Clerk/RFO).

R2: (a) The Council should consider placing extra columns into the Asset Register to display (i) the type of valuation of each asset (e.g. to show whether the asset is displayed at cost value or insurance value etc) and (ii) the dates or approx. dates when each asset was acquired. (This has yet to be addressed).

R2: (b) The list of assets should be compared with the insurance policy to ensure that appropriate cover for each asset is maintained This should be reviewed by the Council at the time of insurance renewal and a Minute taken to evidence the review. (This has been addressed, see item 8.4 above).

R3: To further strengthen the Council's internal financial control arrangements, Cheque Signatories should initial all invoices/vouchers for payment to confirm the correctness of the payment being made. (This is being addressed).

12.7 The Council appointed the Internal Auditor for the year 2020/21 at its meeting on 2 February 2021 (Minute 7 refers).

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13. External Audit ***(Exemption declared or any Recommendations put forward/ comments made following the Limited Assurance Review).***

13.1 The External Auditors' Report and Certificate for the year 2019/20 were dated 6 August 2020 and were reported to Council at its meeting on 1 September 2020. No matters of concern were raised by the External Auditors. The Clerk/RFO confirmed that all required documents had been published on the Council's website (Minute 8 refers).

13.2 As gross income/expenditure exceeded £25,000 in the year of account ending 31 March 2021, the Council is subject to a Limited Assurance Review for the year 2020/21 by the External Auditors, PKF Littlejohn LLP (as in the year 2019/20, Part 3 of the AGAR requires completion and submission to the External Auditors).

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 (the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extended the statutory deadlines for the publication of the 2019/20 documents):

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

To be published following completion of the External Audit:

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

14.2 The Internal Auditor was able to confirm that the above documents were readily accessible on the Council's website.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

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Internal Auditor

22 April 2021

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