

Report to Roydon Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2024

1. Introduction and Summary.

1.1 The Internal Audit for the year 2023/24 confirmed that the Council maintains robust governance arrangements and an effective framework of financial control and administration.

1.2 By examination of the 2023/24 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), is satisfactorily undertaking the administration of the Council's financial affairs and providing financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £34,874,41

Total Payments in the year: £27,060.17

Total Reserves at year-end: £34,936.42

1.4 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 2023/24 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2023):</i>	<i>Box 1: £27,122</i>
<i>Annual Precept 2023/24:</i>	<i>Box 2: £29,193</i>
<i>Total Other Receipts:</i>	<i>Box 3: £5,681</i>
<i>Staff Costs:</i>	<i>Box 4: £7,001</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £4,234</i>
<i>All Other payments:</i>	<i>Box 6: £15,825</i>
<i>Balances carried forward (31 March 2024):</i>	<i>Box 7: £34,936</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £34,936</i>
<i>Total fixed assets:</i>	<i>Box 9: £123,490</i>
<i>Total borrowings:</i>	<i>Box 10: £10,233</i>

1.5 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.

1.6 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 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 17 May 2023. The first item of business was the Election of a Chair, as required by the Local Government Act 1972. Appointment of Committee members and other roles within the Council were also made at the meeting, including the nomination of bank signatories and a Councillor to undertake Quarterly checking of the Cashbook.

2.2 The Council demonstrates good governance practice by maintaining a Delegated Powers Policy to ensure that the Council continues to function effectively at times of emergency including when it may not be possible to hold public meetings. The Policy was reviewed and approved by the Council at the meeting on 28 November 2023.

2.3 Active involvement continued to be taken in the Diss and District Neighbourhood Plan (DDNP) as part of the Council's overall development pathway, with reports being presented to meetings of the Council.

2.4 Standing Orders are in place. At its meeting on 26 March 2024 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).

2.5 Financial Regulations are in place and were reviewed, agreed and adopted by the Council at its meeting on 30 April 2023 (Minute 13a refers). NALC has recently published updated model Financial Regulations for local councils to consider and adopt as necessary.

2.6 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that all pages of the Minutes are signed by the Chair of the meeting at which the Minutes are approved.

2.7 At the meeting on 26 April 2023 the Council received Mrs Benson's resignation as Clerk/RFO to the Council with a leaving date of 31 July 2023. On 28 June 2023 the Council confirmed Miss Emma Chandler's appointment and noted that a starting date of 15 July provides for a 2-week hand-over with the outgoing Clerk/RFO.

2.8 At its meeting on 26 March 2024 the Council agreed that it met the conditions of eligibility as defined in the Localism Act 2011 and SI965 The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012, for Roydon Parish Council to adopt the General Power of Competence (GPoC). The Clerk/RFO explained how the council met the eligibility and the Council declared itself eligible.

2.9 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 2024). Although the ICO confirmed to the Clerk/RFO that correct contact details were held, the ICO's website still displays an out-of-date contact address for the Council. The Clerk/RFO agreed to remind the ICO that the Council's Registration details on the ICO website still

displays incorrect information and that correction is required to ensure that any data protection enquiries made to the Council will be routed to the correct address.

2.10 To assist compliance with the General Data Protection Regulations (GDPR), the Council has a GDPR Policy in place,

2.11 The Council has a number of Policies, Procedures and Protocols in place to provide for good governance. At the meeting on 26 September 2023 the Council reviewed and adopted the following:

- i. Allotment Policy
- ii. Allotment Risk Assessment
- iii. Allotment Rules, Regulations and Tenancy Agreement

The Council adopted the Equalities Policy and the Social Media Policy 30 October 2023 the Biodiversity Policy on 28 November 2023.

2.12 As part of the Council's response to Freedom of Information requirements, on 22 March 2023 the Council reviewed and approved the ICO Model Publication Scheme, including the Council's Guide to Information Published and the Schedule of Charges. Whilst most information is freely available on the Council's website, if hard copies are required the charges noted would be levied.

2.13 The Council has in place a Training and Development Policy, Health and Safety Policy and a Complaints Policy, all of which were reviewed and adopted by the Council at its meeting on 28 September 2022 and due for review in September 2024. A copy of each has been placed on the Council's website.

2.14 Similarly, the Planning Policy was reviewed, updated and approved by the Council at its meeting on 22 February 2023 and published on the Council's website.

2.15 At its meeting on 22 March 2023 the Council considered and agreed the Councillors' Code of Conduct (Minute 9c 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 maintain high standards of conduct within its area. A copy of the Code has been published on the Council's website. The Internal Audit Report 2022/23 noted that the Council discussed the new Model Councillor Code of Conduct published by the Local Government Association (LGA) and supported by NALC but the Council preferred a shorter, more precise Code. Some paragraphs from the LGA Code were added to the Council's existing Code. The Code was considered and agreed by the Council on 30 April 2024. No changes were made.

2.16 The National Association of Local Councils has recommended that local councils consider registering their website with an official .gov.uk domain name with councillor email addresses linked to that domain name. The Council applied to the Norfolk Association of Local Councils to participate in the pilot .gov.uk domain/email scheme. At the meeting on 25 July 2023 the Council noted that it had been selected to be included in the pilot scheme under the domain name *Roydon-southnorfolk-pc.gov.uk*. The Council noted on 26 September that all the email addresses had been set up with many Councillors now able to access the new email.

2.17 A Website Accessibility Statement has been published on the Council's website to assist with compliance with the Website Accessibility Regulations. The Statement details what the Council has done to ensure that as many people as possible are able to use the website, provides information regarding some older documents that may not meet present accessibility standards and lists contact details in the event of accessibility problems.

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.

3.2 The Spreadsheet is referenced and facilitates an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. As the Internal Audit was conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined.

3.3 Frequent reclaims are being submitted to HMRC for VAT paid. The re-claim of £759.05 for VAT paid during the period ending 31 March 2023 was submitted to HMRC on 4 April 2023, received from HMRC on 13 April 2023 and reported to Council on 26 April 2023.

3.4 Similarly, the VAT re-claim of £1,222.30 for the VAT paid from April 2023 to February 2024 was received at bank on 20 March 2024.

3.5 The Clerk/RFO is required to complete a Community Infrastructure Levy (CIL) Report for the year 2023/24, displaying a £2,077.73 balance brought forward as at 1 April 2023, £0 CIL Receipts in the year and spending of £1,203.00 in the year on Notice Boards. The balance carried forward in the CIL Fund as at 31 March 2024 was accordingly £874.73. The Pro forma for completion is received from the District Council and has to be returned by 31 December 2024 and published on the Parish Council's website by that date.

3.6 A Statement of Variances (explaining significant differences in receipts and payments between the years 2022/23 and 2023/24) has been prepared by the Clerk/RFO for submission to the External Auditors and for publication on the Council's website.

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

4.1 The Clerk/RFO routinely presents Bank Reconciliations to meetings of the Council. Up to and including the 25 July 2023 the Council displayed good financial practice by the Minutes of the Council's meetings recorded that the Chair signed a copy of the bank statements and the bank reconciliation with details of Receipts and Payments being appended to the Minutes of the Council's meetings. This ceased from the meeting held on 26 September 2023.

4.2 The Unity Bank Current Account (£13,926.41) and Unity Bank Savings Account (£21,010.01) statements as at 31 March 2024, taking in account the unpresented cheque 300004 (dated 22 March 2023 for £18.82), reconciled to the End-of-Year accounts and agreed with the overall Bank Reconciliation.

4.3 Cheque 300004 is now out of date; in practice, banks will usually reject a cheque if attempts are made to pay it in or cash it more than six months from the date of issue (the date written on the cheque). Accordingly, the cheque can now be written back into the accounts as a deduction from Payments.

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 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.

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

Precept 2023/24: £29,193.00

Precept 2024/25: £29,481.70

6.1 A proposed Budget and Precept for the year 2023/24 was discussed and agreed by the Council at its meeting on 4 January 2023 (the Minutes of the meeting approved by the Council on 25 January 2023 state the amount of the Precept agreed was £29,193).

6.2 The Council's Financial Regulation (FR) 4.8 provides that:

'The RFO shall regularly provide the council with a 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. For this purpose "material" shall be in excess of £0 or 0% of the budget'

6.3 The Clerk/RFO in post presented the First Quarter Budget Monitoring Report to the Council at the meeting held on 25 July 2023. The Report compared the Budget with expenditure and income for the 2023/24 year, displaying the budgetary headings and the % Budget spent. The report was well-constructed and demonstrate that the estimates for 2023/24 were initially used effectively for financial control and budgetary control purposes in the year of account.

6.4 There was no evidence in the Council's Minutes of the Council receiving and approving the Second Quarter Monitoring Report (ending 30 September 2023). The Clerk/RFO explained this had been an oversight. The Spreadsheet (which was very simplistic and did not lend itself easily to identify the totals for each Quarter year) has

now been adapted so that each Quarter tracks through to the correct page and now provides totals as each transaction is input into the Cashbook. The End of year Budget v Actual Report was received by the Council at its meeting on 26 March 2024 (Minute 8c refers).

6.5 A Draft Budget and proposed Precept for the year 2024/25 was discussed by the Council at its meeting on 9 January 2024. The final Budget 2024/25, the Precept of £29,481.70 and the Earmarked Reserves for 2024/25 were considered and approved by the Council at the meeting on 30 January 2024 (Minutes 8a, b and c refer).

6.6 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.

6.7 The Council has a Reserves Policy in place and provides that the Council will aim to maintain General Reserves of between 9 and 12 months of Net Revenue Expenditure in accordance with the JPAG Guidance as follows:

“The generally accepted recommendation with regard to the appropriate minimum level of a Smaller Authority’s General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE).”

“The smaller the authority, the closer the figure should be to 12 months NRE, the larger the authority the nearer to 3 months.”

6.8 The Overall Reserves at the year-end 31 March 2024 totalled £34,936.42, of which £4,524.73 is earmarked/restricted, as follows:

Allotment Deposits:	£650.00
Allotments:	£1,000.00
Streetlights:	£2,000.00
CIL Fund (restricted):	£874.73

6.9 As at 31 March 2024 the General Reserves (Overall Reserves less Earmarked Reserves) were accordingly £30,411.69 and is in line with the Council’s Reserves Policy and JPAG Best Practice. The Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

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

7.1 The Minutes of the Council’s meeting on 27 February 2024 noted that the Council reviewed and approved Risk Assessment documentation (Minute 10a refers).

7.2 The Council reviewed the Internal Control Policy and the Effectiveness of Internal Controls at its meeting on 22 March 2023, within the 2022/23 year of account. The Council reviewed the Internal Control Policies more recently in May 2024, within the 2024/25 year of account. However, the Accounts and Audit Regulations 2015 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 management

of risk, with the review suitably Minuted. Accordingly, during 2023/24 the Council did not fully comply with the Regulations in place.

Recommendation 1: Each financial year the Council should comply with Section 4 of the Accounts and Audit Regulations 2015 and undertake a review of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

7.3 Insurance was in place for the year of account. At its meeting on 26 April 2023 the Council approved the renewal of insurance previously agreed on a three-year long-term agreement (year 2). The renewal premium of £645.73 was paid to BHIB (insurance brokers) on 24 April 2023, the cover being provided by Aviva Insurance for the year 1 June 2023 to 31 May 2024.

7.4 The Employer's Liability cover and Public Liability cover each stand at £10m. 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.

7.5 The Clerk/RFO confirmed that checks are made between the insurance cover and the asset register to ensure that appropriate cover is in place.

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

8.1 The Council receives income from Allotment Tenants. At its meeting on 25 July 2023 the Council reviewed the allotment tenancy rents and considered any rent increases for the year beginning October 2024. The Council agreed the charges to apply for the year beginning October 2024 as Full Plot £36 and Part Plot £18.

8.2 The Clerk/RFO provides the Council with regular reports on the progress of rents received and confirmed to the Council on 27 February 2024 that all rents for the current year had been paid (Minute 11 refers).

8.3 The Clerk/RFO confirmed that a Register of Allotment holders is maintained and includes details of payments and deposits made. The Clerk/RFO explained to the Internal Auditor that a separate spreadsheet is maintained with names and contact details. Not all the tenants paid a deposit because those who have had a plot for a number of years were not asked to pay a deposit when they first took an allotment on and explains the reason why the number of plots and the deposits held do not equate exactly.

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

9.1 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 2023/24 year was presented to the Internal Auditor.

9.2 The Contract of Employment for the Clerk/RFO confirms a starting date of 15 July 2023 and that the salary is at the LC2 range at 8 hours each week.

9.3 With regard to the meeting of legislation relating to workplace pensions, the Clerk/RFO confirmed to the Internal Auditor that the Council had completed a re-declaration of compliance under the Pensions Act 2008 at the time it became due in September 2023. (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).

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

10.1 An Asset Register is in place. At the meeting on 28 June 2023 the Council noted that the Parish Council is the Custodian Trustee of the Village Hall and that Council has no financial responsibility towards the running of the Hall. The Council agreed that the Village Hall should be displayed on the Asset Register as a nil value. The Clerk/RFO confirmed to the Council on 30 January 2024 that the Council is the Custodian Trustee of the Village Hall only; the Village Hall Committee is the Managing Trustee and that the Council is not named on the insurance documents.

10.2 The Village Hall was removed from the Register by the Council at its meeting on 27 February 2024 (Minute 10a refers). 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.

10.3 At the meeting on 26 March 2024 the Clerk/RFO informed the Council of the removal of the Village Hall and Gates as they are no longer assets of the Council. The meeting also agreed to remove the badminton equipment and carpet bowls and contact the Village Hall Committee to gift those to the hall. The Council directed that a notice board and litter bin be added to the Register.

10.4 As at 31 March 2024 the Register displays a total valuation of £123,490, a net decrease of £352,002 over the valuation of £475,492 at the end of the previous year (31 March 2023) and reflects the removal of the Village Hall (£350,000), the Village Hall Gates (£2,000) the Badminton Equipment (£1 nominal/community value) and the Carpet Bowls Set (£1 nominal/community value).

10.5 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.

10.6 The Asset 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.

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

11.1 A Petty Cash system is not in use; an expenses system is in place, with on-line payments being made for expenses incurred.

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 The Clerk/RFO confirmed that currently there is not a Councillor Internal Examiner in place but the Council is looking to appoint a Councillor to undertake those important tasks to enhance the internal control arrangements as soon as practicably possible.

12.4 Up to and including 25 July 2023 Receipts and Payments were listed and appended in the Council's Minutes as part of the overall financial control framework. Subsequent to that date they were not listed,

Recommendation 2: In the interests of good governance, good financial practice and transparency in its financial transactions, it is recommended that Receipts and Payments are listed in (or appended to) the Council's published Minutes as part of the overall financial control framework to evidence the payments approved by the Council at the meeting,

12.5 From October 2022 the Council has made online payments through Unity Bank. The Clerk/RFO initiates the payments by setting up the transaction within the internet banking system, Details of the payments are then emailed by the Clerk/RFO to two Councillors who then authorise the transaction to release the payment. Invoices and the Payments List are then agreed and signed at the next meeting of the Council. The Clerk/RFO confirmed that no cheques had been raised after 28 June 2023.

12.6 The Internal Audit report for the year 2022/23 was dated 14 April 2023 and was received and accepted by the Council at its meeting on 26 April 2023. The Report raised no matters of concern.

12.7 The Council formally appointed the Internal Auditor for the year 2023/24 at its meeting on 27 February 2024 (Minute 7 refers).

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 2022/23 were dated 28 July 2023. No matters of concern had been raised other than the comment that the Council had not provided an adequate explanation for some variances between the years 2021/22 and 2022/23.

13.2 There is no record of the Council being presented with the External Auditors' Report and Certificate for the year 2022/23.

Recommendation 3: The External Audit Reports received by the Council should always be formally presented to the Council and recorded in the Minutes of the meeting of the Council. In this way the Council will formally evidence that it has received and accepted the External Audit Report and Certificate and can take action on any issues raised within the document.

13.3 As gross income/expenditure exceeded £25,000 in the year of account ending 31 March 2024, the Council is subject to a Limited Assurance Review for the year 2022/23 by the External Auditors, PKF Littlejohn LLP (AGAR Form 3 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 (and no later than 1 July):

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

14.2 Documents in respect of the year 2022/23 had been published and were readily accessible on the Council's website:

<https://roydon-southnorfolk-pc.gov.uk/april-2022-march-2023/>

14.3. The items listed below are to be published following completion of the External Audit (and no later than 30 September):

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

14.4 The Internal Auditor was able to confirm that the documents for the year 2022/23 had been published on the Council's website.

<https://roydon-southnorfolk-pc.gov.uk/april-2022-march-2023/>

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.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

6 June 2024