

Stratford St Mary Parish Council
Internal Audit Report 1st April 2022 to 31st March 2023

Chair: Roger Barrell
Parish Clerk & RFO: Faye Hall

Website: stratfordstmary.onesuffolk.net
Email: parishclerk@stratfordstmary.org.uk

2022/2023 Precept	£ 16,100.00	
Total Income	£ 21,788.05	
Total Expenditure	£ 33,654.59	
Reserves	General: £ 32,209.00	Earmarked: £ 2,373.05 (CIL)

FINANCES		
1.	Records for Income and Expenditure	<p>The council uses an excel spreadsheet to form the basis of their accounting system. The RFO produces reports on a Receipts and Payments basis and ensures that the financial transactions of the council are circulated and are as accurate as reasonably practicable.</p> <p>The cashbook is the focus for day-to-day accounting and the RFO is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system. The cashbook is reconciled on a monthly basis. Council follows Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position. For further transparency and scrutiny, the RFO, in accordance with best practice, references all payments and receipts with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</p> <p>RECOMMENDATION: That the council includes or attaches to the minutes, the Finance Report as circulated to councillors, detailing the payments to be made in accordance to its own Financial Regulations.</p> <p><u>5. Banking Arrangements and authorisation of payments</u></p> <p><i>5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.</i></p>

2.	Financial Control	<p>As per the councils own Financial Regulations, the RFO carries out regular reconciliations. This was confirmed by the clerk that each month the bank statements are reconciled to the cash book and the outstanding cheques noted, and that this information is circulated to councillors prior to the meetings. The Financial Regulations state the following.</p> <p><u>2. Accounting and Audit</u></p> <p><i>2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council [Finance Committee].</i></p> <p>RECOMMENDATION: It is recommended the council complies with its own Financial Regulations, signing off, at least quarterly, the bank reconciliations and bank statements and recording this in the council minutes to provide evidence of the scrutiny and accuracy of the accounts, protecting not just the RFO but also the Council.</p> <p>RECOMMENDATION: The council should tailor the regulations by reviewing and where the closed brackets are in place amending as necessary [].</p> <p>Budget Comparison and reserve reports are issued to full council on a bi-monthly basis at each meeting of full council.</p> <p>Payments made retrospectively are approved by full council at the following meetings.</p>
3.	Accounting Records	<p>Accounting records were spot checked. These are well maintained and clearly referenced. Invoices checked for council approval and recording in the cash book and bank statements.</p> <p>Invoices are signed by two members with the cheque number written on the invoice.</p> <p>Bank Reconciliations checked against banking statements and found to be correct.</p> <p>End of year balances as detailed at the end of this document.</p>

4.	Petty Cash	The council does not operate a petty cash system.
5.	Online Banking	The council does not use online banking.
6.	Budgeting	At a meeting of full council held 8 th November 2021, the cashflow analysis was considered within an initial discussion on the precept and budget. The council shows good practice deciding the level of the budget and reviewing of the current budget. Assessing levels of income and considering the need for reserves. The councils budget calculations were clearly detailed within the Precept Planning excel spreadsheet providing breakdowns of allocations and comparisons to the previous year. A financial budget comparison document detailing the predicted and actual spend demonstrates good accounting management. Council has detailed the Spending Power used for each allocation.
7.	Precept	At a meeting of full council held 10 th January 2022 it was agreed to set the precept for 2022/2023 at £16,100. Evidence was provided showing a full audit trail from the budget being discussed by council, then the precept being approved at a council meeting and being served on the Charging Authority. The funds were then received into the council bank account in two separate payments of £8,050 received in April 2022 and September 2022.
8.	Reserves	The councils final accounts show General Reserves at £32,209 with Earmarked Reserves at £2,373.05 being outstanding CIL funds. RECOMMENDATION: Council must be mindful to follow Proper Practices which state that it is acceptable for general (non-earmarked) reserves to be equal to 3 to 12 months of net revenue expenditure and that there is no upper limit for earmarked reserves. <i>(In accordance with proper practices, the generally accepted minimum level of a Smaller Authorities General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure)</i> It is recommended council give consideration to the purpose of the general reserves and look to adopt a Reserves Policy.

9.	Community Infrastructure Levy (CIL)	No CIL payments were received during the period under review. Council reported a starting balance of £10,067.11 with a recorded expenditure of £7,694.06 giving a final year-end balance for 31 st March 2023 of £2,373.05. The CIL report is published on the Parish Council website and the funds form part of the earmarked reserves. (Community Infrastructure Levy Regulations 2010)
10.	S137	S137 was set at £8.82 per elector for 2022-2023. At a meeting held 9 th May 2022 council approved the s137 allocation of grants to village and other organisations. The cash book recorded a total s137 spend of £2,225.00 during the period under review. Allocations are separately recorded within the cash book and detailed within the minutes and detail a direct benefit to the local area. (Section 137 of the Local Government Act 1972 enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants)) COMMENT: It is questioned if the s137 allocation of £30 for the Suffolk Preservation Society is a subscription, rather than a donation.
11.	General Power of Competency	The council does not use the General Power of Competency (Localism Act)
12.	VAT	VAT is correctly identified, recorded and claimed within the required time limits. VAT recorded for the year under review totals £3,348.28 with three claims made to HMRC for the period under review. Income received detailed: £841.17 received 12 th May 2022 £1,212.91 received 19 th September 2022 £1,865.31 received 17 th March 2023 This was evidenced on the banking statements and recorded in the cash book.

PAYROLL		
13.	Contracts of Employment	The clerk of the council is contracted to employment under the NALC pay scale and began employment with Stratford St Mary Parish Council in September 2022. The clerk is also the Responsible Financial Officer. It was confirmed a Contract of Employment was in place.
14.	Payroll	Salary payments were listed within the cash book, which also correspond with bank statements detailing payments made. Wages are agreed by full council at monthly meetings within the bills to be paid. The employee is registered with HMRC, with no payments made. Any additional expenses incurred by the clerk are approved by council.
15.	Pension	RECOMMENDATION: Council is required to complete a declaration to the Pension Regulator every three years, or on change of staff, choosing to opt-in or opt-out of the Local Government Pension Scheme. Following the change in the clerk in September 2022 council must offer the employee the option of the Pension Scheme and advise the Pension Regulator accordingly. <i>(The Pension Regulator)</i>

POLICIES		
16.	Standing Orders	<p>The council has adopted the NALC Standing Orders which were reviewed and approved by full council 9th May 2022.</p> <p>The document is published on the council website.</p> <p>COMMENT: At the next review of the Standing Orders, Council should look to review the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 which came into force on 21st December 2022 and make the changes to the contract value limits from £25,000 to £30,000 for non-central government authorities.</p> <p>The contract value limits are to be calculated inclusive of VAT.</p>
17.	Financial Regulations	<p>The council has adopted the NALC Financial Regulations 2019 which were last reviewed and approved by full council 17th May 2021.</p> <p>RECOMMENDATION: Financial Regulations should be reviewed annually to ensure they are current and still relevant to the council.</p>
18.	Policies & Procedures	<p>The council has adopted and publishes on its website the following documents;</p> <ul style="list-style-type: none"> • Internal Control Statement • Standing Orders • Financial Regulations • Media Policy • Protocol for reporting at meetings of the council or committees • Preparing for a power cut • Emergency Plan and Contacts • The Code of Conduct • 4th Edition of the Good Councillors Guide • NALC - All About Local Councils • Protocol for reporting at meetings. • Privacy Policy • Freedom of Information Policy • Complaints Procedure

19.	Website Accessibility	<p>Recommendation: As recommended within the previous internal audit review, the Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018, states at the very minimum, your local council website should have published a Website Accessibility Statement.</p> <p>This should be available from your host provider on request.</p>
-----	-----------------------	--

ASSETS		
20.	Asset Register	<p>Asset Register – Fixed Assets List as at 31st March 2023 details a total asset value of £211,556.54.</p> <p>Council recorded a review of its assets at a meeting held 9th May 2022. The recorded figure is in agreeance to that recorded in Section 2 Accounting Statements of the Annual Governance and Accountability Return 2022-2023.</p>

RISK CONTROL		
21.	Risk Assessment	The Risk Assessment was reviewed and adopted by full council at a meeting held 9 th May 2022 and is updated annually. This covers general matters which could prevent a smaller relevant body from functioning.
22.	Insurance Policy	<p>At a meeting held 9th May 2022 the council considered the insurance cover with a policy held with BHIB.</p> <p>General cover provided within the policy is detailed as: Public and Products Liability £10m; Employers Liability £10m and Fidelity Guarantee £25k.</p> <p>Cover is in place for contents, and listed items under the councils remit for insurance. Following the acceptance of this policy, council recorded it ensured items detailed within the Asset Register were appropriately covered.</p>
23.	Internal Control	<p>In accordance with the Accounts and Audit Regulations 2015 council approved the Internal Control Statement and Checklist at a meeting of full council 12th September 2022.</p> <p>A fully completed statement of controls is detailed on the council website.</p> <p>This details good practice and ensures total transparency in the managing of council financial business.</p> <p>COMMENT: Council should ensure this is recorded within the minutes.</p>

YEAR END		
24.	Internal Report	The Internal Report for 2021/2022 was considered at a meeting held 9 th May 2022, at which the recommendations were considered. This was to be taken away for further consideration by email.
25.	External Report	There was no external audit report to be considered due to the council being exempt from review.
26.	Year End Reporting 2021/2022	<p>The council complied with the requirements of the Regulations for smaller authorities with income and expenditure not exceeding £25,000 for 2021/2023 with the following published on the public website operated by the Council:</p> <ul style="list-style-type: none"> • Certificate of Exemption, page 3 • Annual Internal Audit Report 2020/21, page 4 • Section 1 – Annual Governance Statement 2020/21, page 5 • Section 2 – Accounting Statements 2020/21, page 6 • Analysis of variances • Bank reconciliation • Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015. <p>Council declared itself exempt from the 2021/2022 External review at a meeting held 9th May 2022.</p> <p>The Exercise for Public Rights was set at Monday 13th June 2022 to Friday 22nd July 2022, which included the mandatory first 10 days of July and was for a minimum period of 30 working days.</p>

27.	Year End Reporting 2022/2023	<p>Year End accounts were provided to the internal auditor in a clear and detailed manner, reporting all closing receipt and payment transactions which are in accordance with the Bank Reconciliation and Bank Statements.</p> <p>Santander Business Account £2,150.88</p> <p>Santander Business Account £30,357.35</p> <p>Outstanding cheques totaling £282.87</p>
-----	---------------------------------	--

OTHER		
28.	ICO Registration	The council is correctly registered with the ICO in accordance with legislation. Reference: ZA133348 Expires: 16 th August 2023. (Data Protection Act 2018)
29.	Code of Conduct	Council last adopted the Code of Conduct at a meeting held 14 th July 2014. COMMENT: A revised version of the Code of Conduct produced by the Local Government Association (LGA) is available to be adopted. With recent elections, it would be good practice for new and established councillors to adopt this revised policy.
30.	Annual Meeting	The Annual Meeting of the council was held on 9 th May 2022. The first order of official business was the election of Chairman in accordance with the Local Government Act 1972 15(1) and as per the councils Standing Orders. <i>The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)</i>
31.	Members Interests	Evidence was seen on the District Authority website of the Register of Interests for current Parish Councillors.
32.	Email Accounts	In accordance with the Practitioners Guide the importance of smaller authorities using secure e-mail systems and gov.uk addresses, it is recommended every authority has its own e-mail addresses which is owned by the authority rather than relying on the use of personal e-mail addresses that can change regularly. This reduces the risk of correspondence going astray or being delayed. The clerk of the council has an email address directly linked to the council of parishcouncil@stratfordstmary.org.uk emails for councillors are not published on the council website.

DETAILS OF FINANCIAL EVIDENCE TAKEN

Payments Checked

Date	To	Amount	VAT	Bank Ref
08.04.22	SCC	£1397.99	£230.00	22307
09.05.22	KH Printers	£47.05	£0.00	22313 – uncashed
13.05.22	Suffolk Preservation Society	£30.00	£0.00	22315
17.06.22	D Robinson	£6.49	£1.08	22325
02.08.22	Bland Landscapes	£1868.00	£311.33	22342
12.10.22	Vertas Group	£198.50	£33.08	22355
11.11.22	Mortimers	£384.00	£64.00	22362
09.02.23	Lorry Shead	£395.99	£66.00	22379
20.03.23	Village Institute	£17.00	£0.00	22385 – uncashed

Receipts Checked

Date	From	Amount	Bank Ref
10.08.22	Orchard Barns	£400.00	Bright Stars Nurse
07.11.22	Cleansing Grant	£308.75	Babergh Gen Pay
20.03.23	Cleansing Grant	£308.75	Babergh Gen Pay

Salary Checked

Date	Detail	Amount	Expenses
March 2023	Clerk	£650.00	£18/£10/£31.98
February 2023	Clerk	£650.00	£18/£10/£3.45
January 2023	Clerk	£650.87	£18/£10
December 2022	Clerk	£520.00	£18/£10
November 2022	Clerk	£520.00	£18/£10
October 2022	Clerk	£520.00	£18/£10
September 2022	Change in Clerk	£360.00	£18/£10
September 2022	Change in Clerk	£344.10	£0
August 2022	Clerk	£497.03	£0
July 2022	Clerk	£497.03	£0
June 2022	Clerk	£497.03	£0

May 2022	Clerk	£497.03	£0
April 2022	Clerk	£497.03	£0
	Total	£6,700.12	

VAT Reclaims Checked

Amount	Date Received
£841.17	12/05/22
£1,212.91	19/09/22
£1,865.31	17/03/23

Year End Balances 31/03/2023

Account	Amount
Santander Business Account	£2,150.88
Santander Business Account	£30,357.35
	£32,508.23
Outstanding cheques totaling	£282.87
Total	£32,225.36

Signed: *J. Lawes*

Dated: 31st May 2023

Mrs Julie Lawes