

Pettistree Parish Council

Internal Audit Report 2021/22 - Implementation of Recommendations

There were 11 recommendations and 10 comments encouraging further action included in the Council's internal audit report for 2021/22, dated 2 June 2022, prepared by Suffolk Association of Local Councils. The following actions were agreed by the Council:

(REC01) Council should ensure that its Financial Regulations are tailored to the parish council by removing the [square] sections as this creates confusion as to the intention as well as those which no longer apply. In particular, as the Council has a separate Responsible Financial Officer, Financial Regulation 1.8 should be revisited and clarity given on this matter.

The Parish Clerk or appointed deputy will amend the current version of the Council's Financial Regulations by removing the inappropriate [square] brackets from the model version and updating Regulation 1.8 to confirm the separation of the Council's financial duties. The amended document will be presented to the Council for review and approval at its meeting in January 2023.

(REC02) There is a requirement in the Accounts and Audit Regulations for the Council as a corporate body to undertake a risk assessment. The Council as a whole are responsible for ensuring that the financial management of the council is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the council's functions and which includes arrangements for the management of risk.

The Parish Clerk or appointed deputy will source a model version of a risk assessment which will then be adapted to the Council's needs. The draft document will then be presented to the Council for review and approval at its meeting in January 2023.

(REC03) Council should be aware that in accordance with the Accounts and Audit Regulations 2015, it should formally review the effectiveness of its system of internal control to ensure that it has mitigation measures in place to address the risks associated with the management of public finances. It is suggested that Council considers adopting a Statement of Internal Control which would detail the system of internal control applied by the Council and the timescales for review along with responsibility for the monitoring of and reporting of control measures undertaken.

A draft annual checklist of internal controls will be prepared by the Responsible Financial Officer which will be presented to the Council for review and approval at its meeting in January 2023. A Member of the Council, independent of the financial function, will also be appointed to carry out the work, guided by the RFO, for reporting back to the Council at its meeting in March 2023.

(REC04) In accordance with proper practices, Council should annually review the terms of reference and effectiveness for internal audit thereby following guidance and demonstrating that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate.

The Council will review the scope, independence and competence of the current internal auditor and its access to the Council's records at its meeting in May 2022 in contemplation of the approval of the formal appointment for 2022/23. This will also be an item to be included on the checklist of internal controls being prepared by the Responsible Financial Officer.

(REC05) The RFO is implementing procedures to ensure that the Council is able to demonstrate that it follows proper practices and the recommended key stages as to the budgetary process to be followed for the year (Practitioners' Guide, 5.27, March 2022).

The Responsible Financial Officer will prepare receipts and payments budget monitoring reports for presentation to the Council for review and approval at its meetings in September and November 2022 and January and June 2023.

(REC06) For the year ending 31 March 2021, the following were not published on a public website by 30 June 2021: Annual Internal Audit Report and Analysis of Variances. As this is an outstanding audit point from last year, the RFO will be taking steps to address the issues raised and ensure compliance for the current year (year ending 31 March 2022).

The Responsible Financial Officer will arrange for all the financial documents relating to 2021/22 affected by the Regulations to be published on the Council's web site by the end of June 2022.

(REC07) The following recommendations were contained within the audit ending 31 March 2021: They are either still outstanding or are to be addressed in the year 2022/23 by the RFO and/or Clerk (when appointed): Annual review of the Council's Risk Assessment documentation; Annually review the effectiveness of Council's internal controls; Annual review of the effectiveness of internal audit; Publication of documentation in accordance with the Regulations for smaller authorities; Compliance with the GDPR; and Publication of a Website Accessibility Statement.

Most of these issues have already been covered in REC02, REC03, REC04, REC06 and REC09. In the case of the publication of a Website Accessibility Statement, the Parish Clerk or appointed deputy will investigate this matter still needing to be addressed since this matter was originally raised for full implementation by the Council by the end of March 2023.

(REC08) Council is aware that with gross income and expenditure under £25,000 it will be required to follow the Local Government Transparency Code 2014 for smaller authorities. Council has acknowledged that this matter is outstanding and will be taking steps to ensure that the following are published on a public website in accordance with the dates prescribed by the relevant regulations (not later than 1 July): Internal Audit Report; List of Councillors and Responsibilities; Items of Expenditure Above £100, including recoverable and nonrecoverable VAT; End of Year Accounts; Annual Governance Statement; Asset Register; and that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency Code for smaller authorities (December 2014). As this is an outstanding audit point from 2020/21, Council will be taking steps to address the issue raised.

The Responsible Financial Officer will arrange for all the financial documents relating to 2021/22 affected by the Transparency Code to be published on the Council's web site by the end of June 2022. The Parish Clerk or appointed deputy will arrange for any of the other remaining documents to be published on the Council's web site by the end of September 2022.

(REC09) As identified in the previous year's audit, Council has taken limited steps to ensure GDPR compliancy. As this is an outstanding audit point from 2020/21, Council will be taking steps to address the issue raised.

The Parish Clerk or appointed deputy will investigate the matters still needing to be addressed since this matter was originally raised for full implementation by the Council by the end of March 2023.

(REC10) There are no accessibility tools on the Council pages on the website allowing for the increased functionality of the council's website nor is there a website accessibility statement on the Council operated website detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. Guidance can be found on the SALC website or direct from the host of the council's website. As this is an outstanding audit point from 2020-2021, Council will be taking steps to address the issue raised.

The Parish Clerk or appointed deputy will investigate the matters still needing to be addressed since this matter was originally raised for full implementation by the Council by the end of March 2023.

(REC11) Text Under the Freedom of Information Act, 2000, public authorities must provide access to information held which must be published proactively. The Freedom of Information Act requires every public authority to have a publication scheme and to publish information covered by the scheme. Council should seek to review the information it holds and collate it into a publication scheme that is available on its website. Templates are available from the SALC website.

The Parish Clerk or appointed deputy will prepare a publication scheme based on the models available for presentation to the Council for review and approval at a meeting by the end of March 2023.

(COM01) It is unclear from the Orders and Regulations submitted as to when they were adopted and Council might wish to add a review date within the document for clarity thereby ensuring that they are regularly reviewed, fit for purpose and adhered to. Council might also wish to note that LTN87 – Procurement - has provided an update on the thresholds for procuring contracts. The amended values should be incorporated into the Council's Standing Orders and Financial Regulations at the next annual review.

The Parish Clerk or appointed deputy will amend the current versions of the Council's Standing Orders and Financial Regulations by adding the date of review and approval, removing the inappropriate [square] brackets from the model version and incorporating the updated procurement thresholds. The amended documents will be presented to the Council for review and approval at its meeting in January 2023.

(COM02) As has been mentioned within previous audit reports, it is the responsibility of Councillors to satisfy themselves that they have the appropriate legal power to incur expense and that the Council is not undertaking any decisions or payments that are ultra vires. Recording the 'power to pay' either in the cashbook or the minutes meets this requirement and is a good internal control. It is recommended that Council adopts this practise when approving payments to be made and it is understood that this is work in hand by the newly appointed RFO.

The Responsible Financial Officer will prepare a payments report, including references to the legislation granting power for the Council to make such expenditure, for presentation to the Council for review and approval at its meetings in September and November 2022 and January and June 2023.

(COM03) A number of the areas listed above are outstanding audit points from the previous internal audit and the newly appointed RFO is implementing measures to ensure that Council has a clear process to follow to address the weaknesses identified.

These issues have already been covered in REC02, REC03 and REC04.

(COM04) As previously advised, Council should note guidance as issued under the Practitioners Guide 2020 which states that an authority needs to have regards to the need to put in place a General Reserve Policy with explanations as to the high level of general reserves being held and to have evidenced that it has reviewed the level and purpose of all Earmarked Reserves. As this is an outstanding audit point from the previous year, Council should take appropriate steps to address the issue raised.

The Parish Clerk or appointed deputy will investigate this matter still needing to be addressed since this matter was originally raised for full implementation by the Council by the end of March 2023.

(COM05) Council should be aware that the balancing off and reconciliation to the bank statement remains the most important control over its accounting system. Council might wish to implement a system whereby a Councillor carries out a review of the Council's banking internal control by formally signing off the bank reconciliation on a quarterly basis. Such a review should be formally

submitted to and noted at relevant Parish Council meetings. This is not only good practice but also is a safeguard for the RFO and fulfils one of the authority's internal control objectives.

The Responsible Financial Officer will prepare bank reconciliations for presentation to the Council for review and approval and sign off by two councillors at its meetings in September and November 2022 and January and June 2023.

(COM06) Council should note that without formal evidence of the resolution is required to show that a legal decision was taken to claim exemption. Without such formal evidence, the external auditor may only be able to log the parish council's intention to claim exemption and not that exemption has been claimed by the parish council.

The Parish Clerk or appointed deputy will include the Council's consideration of its eligibility to complete the Certificate of Exemption and the decision then made in the minutes of its meeting in June 2022.

(COM07) Council is advised to ensure that all absences are not merely recorded but approved by the Council thereby ensuring that the absence is not treated as unapproved. An accidental or unforeseen absence at a subsequent meeting could then lead to an unnecessary disqualification.

The Parish Clerk or appointed deputy will include the Council's consideration of both the receipt and approval/non-approval of apologies received in the minutes of the meeting from September 2022.

(COM08) Council should note that legislation states that the Annual Parish Meeting must take place between 1st April and 1st June (both inclusive) LGA 1972, Sch. 12 para 14(1) and (3).

Arrangements will be made for the Annual Parish Meeting to be held in April or May 2022.

(COM09) The minutes of the Annual Council Meeting of 19th May 2021 as seen on the website are headed up "DRAFT". Council is recommended to review its own Standing Order on the treatment of draft minutes.

The Parish Clerk or appointed deputy will arrange to replace the draft minutes posted on the Council's web site with a final version as soon as possible following approval by the Council at its next meeting.

(COM10) Council might wish to consider using a secure e-mail system with a gov.uk address which is owned by the parish council (section 5.16 of the Practitioners' Guide to Proper Practices – March 2021).

The Parish Clerk or appointed deputy will look into this and make an appropriate recommendation to the Council by the end of March 2023 with the minutes of the meeting reflecting the decision made.