

Internal Audit report – Sweffling Parish Council

For period: 1 April 2020 to 18 June 2021

1. Summary

1.1 The purpose of this internal audit is to review, evaluate and report to the Council on whether its systems of financial and other internal controls over its activities and operating procedures are effective. It does not involve the detailed inspection of all records and transactions of the Council in order to detect error or fraud. The Council should respond to the recommendations made with actions recorded in the minutes.

1.2 This Internal Audit review has confirmed the overall adequacy of the financial arrangements currently in place within the Council.

1.3 The Council did not have a Clerk over the period from the resignation of Maureen Philpott in September 2020 to the appointment of Michael Smithson in January 2021. The absence of a Clerk over this period and the restrictions imposed throughout the year due to the Covid-19 pandemic has made the work of the Council more difficult and some requirements have not been met. Virtual meetings held using Zoom have helped.

1.4 Examination of the 2020/21 accounts and supporting documentation has confirmed that both Clerks, in the role as the Council's Responsible Financial Officer (RFO), have satisfactorily undertaken 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 entries for Sections One and Two of the Annual Governance and Accountability Return 2020/21 Part 2 were approved at the meeting of the Council on 8 June 2021. The Internal Auditor has completed the Annual Internal Audit Report for the AGAR 2020/21 submission.

2. Accounting records

2.1 The accounting spreadsheet (Cash Book) at the year-end 31 March 2021 was found to be in good order.

2.2 The Cash Book provides an adequate audit trail to the bank statements and cheque book counterfoils.

Recommendation 1: As access to local bank branches is becoming increasingly difficult and the use of cheques decreasing, the Council may wish to consider the use of online banking with dual level authorisation for payments to minimise or possibly eliminate the need to use cheques. This facility provides a high level of security, a better audit trail and faster transactions.

3. Standing orders and financial regulations

3.1 The Model Standing Orders 2018 published by NALC were re-approved by the Council at the AGM on 18 May 2021 and are published on the sweffling.life website but could not be found on the sweffling.com site.

Recommendation 2: The Model Standing Orders 2018 were revised by NALC in 2020. The Council should review the revisions made by NALC in 2020 (or the latest version if applicable) and update the Standing Orders adopted by the Council if appropriate.

3.2 The Financial Regulations were adopted by the Council at the AGM on 18 May 2021 based on the Model Financial Regulations published by NALC in 2019. The Financial regulations are published on the Council's website (sweffling.com) but could not be found on the sweffling.life website.

3.3 The Minutes of the Council provide evidence of the decisions made though the year with the exception of the October 2020 meeting when no Minutes were produced due to the absence of a Clerk. The Minutes for the meetings in May 21, Apr 21, Mar 21, Feb 21, Jan 21, Jul 20 and Jun 20 are on the Council's website (sweffling.com) but the Minutes for the Sep 20 meeting do not appear to be published. The Minutes published on sweffling.com are signed but some pages are inverted. The Minutes for the meetings in Feb 21, Sep 20, Jul 20 and Jun 20 are on the sweffling.life website. With the exception for the meeting in June 20, the Minutes on the sweffling.life website are not signed or are at draft status. The Minutes on the sweffling.life website claim to be up to date which is clearly not the case.

Recommendation 3: A key requirement of the Transparency Code for Smaller Authorities is that the Minutes of meetings should be easily accessible and readily available on the Council's website. The Transparency Code for Smaller Authorities requires;

'Smaller authorities should publish the draft minutes from all formal meetings (i.e. full council or board, committee and sub-committee meetings) not later than one month after the meeting has taken place. These minutes should be signed either at the meeting they were taken or at the next meeting and published soon after.'

Recommendation 4: If a Clerk is not available for a meeting, one of the Councillors or the Chairman should take the Minutes.

Recommendation 5: The confusion between the sweffling.com and sweffling.life websites needs to be resolved as quickly as possible. The Minutes, Accounts and other Statutory documents should be published on one website, kept up to date and easily accessible. Neither website currently meets the Transparency Code requirements.

3.4 The Code of Conduct is published on the Council's website (sweffling.com) as adopted on 9 March 2021 though this is not recorded in the Minutes of the meeting. This Code of Conduct was originally adopted by the Council on 23 July 2012. The Code of Conduct is also listed under the Statutory documents on the sweffling.life website but the hypertext link is not working.

Recommendation 6: The Council should consider adopting the most recent version of [Model Councillor Code of Conduct](#) published by the Local Government Association in 2020.

3.5 A complaint has been raised by Mr R Rusack concerning the process for co-opting a new Councillor at the Extraordinary (online) meeting held on 1 April 2021. As no evidence has been provided to the Internal Auditor concerning this complaint it has not been possible to comment further. If requested and evidential documents are made available then this matter could be looked into by the Internal Auditor if required.

4. Internal control and the management of risk

4.1 Annual approval of the Financial Risk Assessment and Management of Risk registers were listed as agenda items 6(c) for the Zoom meeting on 9 March 2021 but no record exists that these were discussed or approved in the Minutes.

Recommendation 7: To comply with the Local Government Accounts and Audit Regulations 2015, the Council should review at least once a year the effectiveness of the Council's system of internal control, including the arrangements for management of risk.

4.2 Insurance was in place for 2020/21 through Community Action Suffolk covering a 5 year period.

Recommendation 8: The items insured and the level of cover should be reviewed by the Council before the next annual insurance premium is due and amended accordingly.

4.3 The Fixed Asset Register was approved on 10 March 2020 and published on the website. The Register was reviewed at the meeting on 8 June 2021 and noted that this was out of date and that some items had been disposed.

Recommendation 9: The Fixed Asset Register needs to be updated and published on the Council's website.

Recommendation 10: The Fixed Asset Register should be updated annually and approved before completing the AGAR submission.

5. Budgetary controls

5.1 The budget and precept for 2021/22 was agreed at the meeting on 29 January 2021.

The 2021/22 precept was agreed at £3331 which was the same as for 2020/21. Total payments during 2020/21 were £3140.

5.2 The Reserves at year-end 31 March 2021 were £4416 which is at an acceptable level being less than twice the annual expenditure/precept plus an allowance of £900 as an election reserve.

6. Receipt and payment controls

6.1 Receipts and payments recorded in the Accounting Spreadsheet (Cash Book) were cross referenced with the Council's Bank Statements and were found to be in order.

7. Petty cash

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

8. Transparency Code (Compliance for smaller councils with receipts/payments under £25,000)

8.1 Under the provisions of the Transparency Code, Sweffling Parish Council can be designated as a 'Smaller Council'.

8.2 The Council's website is: <http://sweffling.com>

Smaller Councils should publish on their website:

(a) All items of expenditure \geq £100	Published: YES
(b) End of year accounts	Published: YES
(c) Annual Governance and Accountability Return (AGAR) Part 2 2019/20	Published: NO (but is published on the sweffling.life website)
Annual Governance and Accountability Return (AGAR) Part 2 2020/21	Published: YES
(d) Publication of Internal Audit 2019/20	Published: NO
(e) Publication of list of Councillor responsibilities	Published: YES
(f) Asset register	Published: YES
(g) Publication of Minutes, Agendas and papers of formal meetings	Published: YES
(h) Publication of Land and Building Assets	Published: NO

Recommendation 11: The Council should consider the following in respect of the above;

- As noted in Recommendation 5, there is considerable confusion between the Council's sweffling.com website and the independently managed site sweffling.life. Neither meet the requirements of the Transparency code. The Council's documents should be published on one site only and a link provided from other Sweffling websites if required. The documents must be easily accessible and up to date. Good practice is to have separate sub-pages for Agendas/Minutes, Accounts, Statutory Regulations – with the Agendas/Minutes and Accounts in chronological order.
- The Council's expenditure on websites looks excessive. Domain name registration costs should be ~£10-£15pa (incl VAT). Web hosting should be ~£75pa (incl VAT). The major webhosting companies (e.g. Godaddy, Wix) have excellent and easy to use website building tools which are included in the website hosting fee and require minimum training. For simple websites such as those required by Parish Councils, it is not necessary to engage a website designer to design and manage the site. This task can be easily undertaken by one of the Councillors or the Clerk. The Internal Auditor would be happy to advise further if requested.
- The Council's website (sweffling.com) is not secure and should be SSL encrypted. This should be standard practice and is included in the hosting fee for some of the major webhosting companies e.g. Wix.
- The Transparency Code for Smaller Councils states;

'PUBLICATION OF LAND AND BUILDING ASSETS

Smaller local councils should publish details of all public land and building assets. Where this information is included in the council asset and liabilities register, this register may be published in its entirety or as an edited version displaying only public land and building assets. The following information should be published for each land and building asset:

- *description (what it is, including size/acreage);*
- *location (address or description of location);*
 - *owner/custodian, e.g. the council manages the land or asset on behalf of a local charity;*
- *date of acquisition (if known);*
- *cost of acquisition (or proxy value);*
- *present use*

If no land and buildings are owned then it is useful to state this fact.'

Jubilee Field is listed in the Fixed Asset Register along with the date it was acquired/granted. No other information can be found on the website.

9. Payroll controls

9.1 The Clerk's salary and NI is managed through a 3rd party (SALC – Suffolk Association of Local Councils)

10. Asset control

The audit has addressed Asset control under Section 4.3 and Recommendations 9 and 10.

11. Bank reconciliation

11.1 The bank statements for the Barclays accounts reconciled with the end-of-year accounts and the bank reconciliation.

12. Year-end procedures

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

13. Additional comments

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



David R Smith
Internal Auditor

18 June 2021