

## Internal Audit Report for Sproughton Parish Council for the period ending 31 March 2024

Clerk	Kirsty Webber
RFO (if different)	-
Chairperson	Councillor Jennifer King
Precept	£ 69,266.00
Income	£139,860.64
Expenditure	£132,397.96
General reserves	£ 93,090.56
Earmarked reserves	£369,156.35
Audit type	Annual
Auditor name	<b>Victoria Waples</b>

### Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- the integrity and reliability of information, accounts, and data

## Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2022/23 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

<b>Section 1 – proper bookkeeping</b>		
The internal auditor will look at the methods and processes used to manage the council’s accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The council uses the Rialtas Accounting software package to produce reports on a Receipts and Payments basis. The Responsible Financial Officer (RFO) has ensured that the cashbook is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i> (under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)	Yes	Council’s gross income and expenditure level is below the threshold of £200,000 and has been for three (3) continuous years. Council’s operating under this limit may choose either to report on an income and expenditure basis or on a receipts and payments (R&P) basis. Council has elected to report its financial matters on a receipts and payments basis.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cashbook is reconciled on a monthly basis. Council follows Proper Practices in ensuring that its accounting procedure gives an accurate presentation of an authority’s true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance and the Responsible Financial Officer (RFO) has ensured that there are clear financial management reports submitted to the council on a regular basis.
<i>Is the arithmetic correct?</i>	Yes	A number of spot checks were conducted, and the functionality of the cashbook was found to be in order.
<b>Additional comments:</b>		

<b>Section 2 – Financial Regulation and Standing Orders</b>	
The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC’S latest model which include legislative changes.	
<b>Evidence</b>	<i>Internal auditor commentary</i>

<p>Have Standing Orders been adopted, up to date and reviewed annually?</p>	<p>Yes</p>	<p>The Standing Orders, as seen on the Parish Council's website, were reviewed at the meeting of 10<sup>th</sup> May 2023. Council's Orders, are based on the latest model published by the National Association of Local Councils (2018). The Standing Orders are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the Parish Council.</p> <p><i>Comment: whilst council is aware of the requirement to ensure that the SOs are fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to, at the next annual review, council should ensure that Standing Order 18av and 18c are amended to reflect the changes to procurement thresholds as identified below.</i></p>
<p>Are Financial Regulations up to date and reviewed annually?</p>	<p>Yes</p>	<p>Financial Regulations (FR), as seen on the Council's website were reviewed at the meeting of 10<sup>th</sup> May 2023 and are based on the NALC Model Financial Regulations 2019 with provisions included as outlined under LTN 87 - Procurement – March 2022.</p> <p><i>Comment: at the next annual review, Council might wish to also 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. The contract value limits are to be calculated inclusive of VAT (effective from 1st January 2022).</i></p>
<p>Has the Council properly tailored the Financial Regulations?</p>	<p>Yes</p>	<p>The Council's Financial Regulations have been tailored to the Parish Council.</p>
<p>Has the Council appointed a Responsible Financial Officer (RFO)?<sup>1</sup></p>	<p>Yes</p>	<p>In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. Council's Financial Regulation 1.8 confirms that the Clerk is so appointed.</p>
<p><b>Additional comments:</b></p>		

<sup>1</sup> Section 151 Local Government Act 1972 (d)

<b>Section 3 – Payment controls</b>		
The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	A selection of random payments were cross checked against payment authorisation slips, cash book, bank statement and invoices and all were found to be recorded/ authorised in accordance with Proper Practices. A further spot check of items paid via the system from the Council's Accounts was also cross checked against cashbook, bank statements and invoices. All were found to be in order. A spot check of payments made under contractual terms were further analysed and all were found to be in accordance with agreed schedules and sums approved.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet banking is operated in accordance with the Council's own Financial Regulations and is used for the settlement of the Council's expenditure. The council's risk assessment documentation details the procedure to be followed for the making of such payments in accordance with council's own Financial Regulations. <i>Comment: to further demonstrate good practice, a non-signatory councillor verifies copies of invoices to bank records at each meeting, with such reviews being evidenced in the minutes for that meeting. This is not only good practice but is also a safeguard for the RFO and fulfils one of the authority's internal control objectives.</i>
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is identified in the cash book with the year-end balance standing at £10,834.79, which was submitted as a reclaim on 3 <sup>rd</sup> April 2024.

Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	N/A	The council has not confirmed eligibility criteria to enable it to exercise the GPOC.
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	Payments made under this power for the year under review totalled £1,860.00 and were within statutory limits and deemed to be of benefit to those living in the area.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	Council has no such loans.
<b>Additional comments:</b>		

<b>Section 4 – Risk management</b>		
The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Is there evidence of risk assessment documentation?</i>	Yes	The risk assessment documentation as reviewed provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The Risk Register for the year under review was considered and adopted by the council at its meeting of 10 <sup>th</sup> May 2023.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	Council is aware that risk assessment needs to focus on the safety of the parish council's assets and in particular its money. There is evidence that overall the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.

<sup>2</sup> Localism Act

<sup>3</sup> Section 137 of the Local Government Act 1972 (“the 1972 Act”) 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 – of £9.93 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

		<p><i>Comment: following the resignation of the Playing Field Management Committee, the council is seeking advice to confirm the most appropriate way forward for the management of this area (Parish Council is the custodian trustee of the Sproughton Playing Field Charity). Appropriate work was undertaken to address the maintenance issues identified with the play area.</i></p>
<p><i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee <b>and</b> has been reviewed on an annual basis?</i></p>	<p>Yes</p>	<p>Council has insurance in place under a Charity and Community (Essential) policy with Ansvar insurance and a specialist Property Owners Insurance with Ergo UJ Specialty Ltd for the To the Barn. Core cover for the council's insurance policy is shown as: Public liability: £10million; Public/Products Liability: £10million and Fidelity Guarantee of £500thousand.</p> <p><i>Comment: Council has followed recommended guidance by ensuring that its Fidelity Cover is equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May and/or during the year upon receipt of grants.</i></p> <p>During the year under review, council is able to demonstrate, evidence from a review of the minutes, that it is aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance and that annual reviews of the Council's insurance were undertaken prior to renewal.</p> <p><i>Comment: Council has ensured that it is able to demonstrate that it has reviewed the risks facing the Council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things).</i></p>
<p><i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i></p>	<p>Yes</p>	<p>Although it is entitled Internal Control Statement for the year ending 31<sup>st</sup> March 2023, the document was adopted at the meeting of 10<sup>th</sup> May 2023 and is assumed to cover the year April 2023 to March 2024. As such, it is evidenced from the document seen, that the council, in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, confirmed that the financial and management systems of the council were sound and adequate and internal control arrangements were efficient and effective to address the risks associated with the management of public finances.</p>

<sup>4</sup> Accounts and Audit Regulations

<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment<sup>5</sup></i>	Yes	<p>There is no separate minute to confirm that the parish council formally reviewed the scope and effectiveness of its internal audit arrangements, internal audit is covered within the internal control statement adopted by council at its meeting of 10<sup>th</sup> May 2023.</p> <p><i>Comment: Council is aware that in accordance with the Accounts and Audit Regulation 2015, the parish council must review the terms of reference and effectiveness of internal audit and demonstrate that it has understood that the role of internal audit is to evaluate and report on the adequacy of the system of internal control.</i></p>
<b>Additional comments:</b>		

<b>Section 5 – Budgetary controls</b>		
<p>The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed</p>		
<b>Evidence</b>		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	<p>The budget for the year 2023-2024 was approved at the Council meeting of 11<sup>th</sup> January 2023 and was set at £77,146.</p> <p>The budget for the year 2024-2025 was approved at the council meeting of 10<sup>th</sup> January 2024 with evidence produced that this would be set at £75,711.00</p> <p><i>Comment: council has evidenced within the minutes the actual budget being set alongside the reasoning for such a budget thereby ensuring transparency in the budgetary process followed by the council.</i></p>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	<p>The precept for the year 2023 – 2024 was set at £69.266 at the meeting of 11<sup>th</sup> January 2023 with the minutes showing that council agreed to a 2% rise on a Band D Council Tax dwelling.</p> <p>The precept for the year 2024 – 2025 was discussed and approved at the meeting of 10<sup>th</sup> January 2024 and set at £70,784. The minutes show that this</p>

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<sup>5</sup> Practitioners Guide

		would represent a nil increase on a Band D Council Tax dwelling over that set for the previous year.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	The minutes evidence that council conducted reviews covering the budget for the current year with a review of income and expenditure against budget at each meeting. A monitoring statement is produced regularly before each council meeting which includes a breakdown of all receipts and payments balance against the bank. <i>Comment: Council in accordance with its own standing order 17c produces regular statements showing evidence of comparisons between budgeted and actual income and expenditure to form the basis of approval for virements in accordance with Council's own Standing Orders.</i>
<i>Reserves held – general and earmarked<sup>6</sup></i>	Yes	The Council, as at year-end, had Earmarked Reserves totalling £369,156.35 and General Reserves of £93,090.59. <i>Comment: Council should note guidance as issued by Proper Practices which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves held is in accordance with an adopted General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i> <b>Recommendation: Council is advised to review the level of general reserves held and provide a justification for the level at which it is currently operating given the specified target identified within its general reserve policy.</b>
<b>Additional comments:</b>		

**Section 6 – income controls**  
 The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.

<sup>6</sup> In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

Evidence		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	Yes	Income is recorded in accordance with Council's Financial Regulations. A sample of receipts was checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. The RFO has ensured that the accounting records contain all day-to-day entries of all sums of money received.
<i>Is income reported to full council?</i>	Yes	Income received is reported to full Council within the financial reports submitted to full Council in accordance with council's financial regulations.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	Council received precept in the sum of £69,266 from Babergh District Council for the period under review as reported to full Council within its Financial Reports at its meetings in April and September 2023. Evidence was provided showing a full audit trail from Precept being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the council's bank account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?<sup>7</sup></i>	Yes	During the year under review, council received CIL receipts totalling £6,268.00. The RFO has created an Earmarked Reserve for retained CIL balances.
<i>Is CIL income reported to the council?</i>	Yes	CIL receipts received are reported to council within the financial reports submitted.
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	The CIL workings for 2023/2024 shows that there is a retained balance of £32,385.58 which has been transferred into in an Earmarked Reserve specifically allocated, in accordance with the Regulations.
<i>Has an annual report been produced?</i>	Yes	The Annual CIL Statement has been produced and signed by the Clerk and Chair.
<i>Has it been published on the authority's website?</i>	Yes	The Annual CIL Statement for the year although signed has still to be uploaded onto the council's website. <i>Comment: council is aware that the Regulations provided clarity on the timing of the reports, and by which date they should be brought into the public domain.</i>
<b>Additional comments:</b>		

<sup>7</sup> Community Infrastructure Levy Regulations 2010

<b>Section 7 – petty cash</b>		
The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
<b>Evidence</b>		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	Council does not operate a petty cash system.
<i>If appropriate, is there an adequate control system in place?</i>	N/A	Council does not operate a petty cash system but there is a satisfactory expense system in place and all expenses claimed are approved by full council with supporting paperwork in place.
<b>Additional comments:</b>		

<b>Section 8 – Payroll controls</b>		
The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
<b>Evidence</b>		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	Yes	Council had 1 employee on its payroll at the period end of 31 <sup>st</sup> March 2024. Employment contracts were not reviewed during the internal audit but the Clerk to the Council has confirmed that all staff have a contract of employment in place.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are presented to full Council for approval and payment is made via internet banking in accordance with council’s own Financial Regulations. Amendments to salary points, working hours, budgets and support for training are all approved by full council. <i>Comment: Council ensures that there are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.</i>

<i>Minimum wage paid?</i>	Yes	No employee is paid the national minimum wage.
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines and outsourced to Suffolk Association of Local Councils. Cross-checks were completed on a sample of payments covering salary and all were found to be in order. Deductions due to be paid to HM Revenue and Customs during the year under review were made within the requisite time periods.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	Yes	Council is aware of its pension responsibilities and ensures that payments to the council approved pension provider are made within the appropriate timescales.
<i>Have pension re-declaration duties been carried out</i>	Yes	From paperwork seen, the council completed its re-declaration of compliance with The Pensions Regulator on 3 <sup>rd</sup> October 2022.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	There is a satisfactory expense system in place and all expenses claimed are approved by full council with supporting paperwork in place and reimbursed in accordance with Council's Financial Regulations.

**Additional comments:**

**Section 9 – Asset control**

The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.

<b>Evidence</b>	Internal auditor commentary
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<sup>8</sup> The Pension Regulator – [website click here](#)

<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?<sup>9</sup></i>	Yes	The Asset Register, as submitted for internal audit review, reflects those items listed under insurance and within the parish council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end (31.03.2024) is £60,453.86 which reflects additions during the year under review.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2023 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied.
<i>Are records of deeds, articles, land registry title number available?</i>	Yes	Records of deeds, articles, land registry title number were not reviewed during the internal audit which was carried out via remote means.
<i>Are copies of licences or leases available for assets sited at third party property?</i>	<i>In progress</i>	Council has assets located on third party property and is in the process of registering the playing field land. <i>Comment: council has recognised the issue surrounding the siting of assets on third-party property and is seeking to regularise the position to ensure that it has documentary evidence of permission to site such assets on third-party land.</i>
<i>Is the asset register up to date and reviewed annually?</i>	Yes	Whilst the asset register is still to be signed off by the council, it is expected that the values seen on the Asset Register - £60,454 (rounded) - will be that detailed at Line 9 on the Accounting Statements of the AGAR.
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under all risks cover for its assets as specified under the headings on the insurance schedule.
<b>Additional comments:</b>		

<b>Section 10 – bank reconciliation</b>	
The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.	
<b>Evidence</b>	Internal auditor commentary

<sup>9</sup> Practitioners Guide

<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes but see below	Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. However, evidence was not seen of all of the year end account balances as some of the statements were not dated 31 <sup>st</sup> March 2024. Of those seen, the statements reconciled to the year-end accounts as produced by the accounting software package.
<i>Do bank balances agree with bank statements?</i>	Unable to verify	<p>Bank balances agree with year end and period end statements and, as at year end (31<sup>st</sup> March 2024) the balance across the councils accounts stood at £462,246.94 as recorded in the Draft Statement of Accounts and on the bank reconciliation. As some of the statements provided were dated 26<sup>th</sup> January 2024 (Beer Festival Account), 31<sup>st</sup> December 2023 (Cambridge Building Society) and 5<sup>th</sup> April 2023 (Instant Access Account).</p> <p><i>Comment: council should note that the year-end bank reconciliation is a key financial control as it will underpin and support the total cash and short-term investments balance as shown in Line 8 of the Accounting Statements of the AGAR.</i></p> <p><b>Recommendation: as the internal auditor is unable to verify the year-end bank reconciliations, council is advised to ensure that bank statements for the period ending 31<sup>st</sup> March 2024 are sought and reviewed prior to the approval of the Accounting Statements – Section 2 of the AGAR.</b></p>
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Balances across the Council's accounts are reported at each meeting of full Council. The minutes of council meetings, demonstrate that a review of the bank reconciliation versus the bank statements has been undertaken. This is not only good practice but is also a safeguard for the RFO and fulfils one of the authority's internal control objectives.
<b>Additional comments:</b>		

<b>Section 11 – year end procedures</b>	
<b>Evidence</b>	<i>Internal auditor commentary</i>

<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and payments basis, and all found to be in order.
<i>Financial trail from records to presented accounts</i>	<i>Partly met</i>	The end of year accounts were presented for the internal auditor review and there is a whilst there is a clear financial trail from records to presented accounts, council should review the comment under Bank Reconciliations above. <i>Comment: year-end balances cannot be verified between cash book, bank reconciliations and statements.</i>
<i>Has the appropriate end of year AGAR<sup>10</sup> documents been completed?</i>	Yes	As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete the Annual Governance and Accountability Return (AGAR) Form 3. The Accounting Statements are still to be produced and it is assumed that the figures produced by the Accounting Software will be replicated in their entirety onto the AGAR.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	N/A	As the council had gross income and expenditure exceeding £25,000 during 2022-2023 it was not able to declare itself exempt from a limited assurance review for the year ending 31 <sup>st</sup> March 2023.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	Yes	Council has demonstrated that during the year under review, it ensured that the period for the exercise of elector's rights during Summer 2023 was in accordance with the period specified within the Accounts and Audit Regulations 2015. The dates set were 5 <sup>th</sup> June to 21 <sup>st</sup> July 2023 with the Notice being dated 1 <sup>st</sup> May 2023 as seen on the council's website. <i>Comment: within the Annual Internal Audit Report, internal control objective test M requires the internal auditor to establish whether the parish council correctly provided for the exercise and published a copy of the required "Public Notice" by ensuring that it clearly identified the statutory 30 working day period when the Authority's records are available for public inspection. This is evidenced by the notice on the website which contains the period for the exercise of public right; details of the manner in which the documents can be inspected; the name and address of the external auditor and the provisions as contained under section 25 and section 27 of the Act.</i>

<sup>10</sup> Annual Governance & Accountability Return (AGAR)

<p><i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i></p>	<p>Yes</p>	<p>The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 for the year ending 31<sup>st</sup> March 2023 and published the following on a public website:                  Notice of the period for the exercise of public rights                  Annual Internal Audit Report                  Section 1 – Annual Governance Statement of the AGAR                  Section 2 – Annual Accounting Statements of the AGAR                  Notice of conclusion of audit                  Section 3 – External Auditor’s Report and Certificate of the AGAR                  Sections 1 and 2 of the AGAR including any amendments as a result of the limited assurance review.</p>
<p><b>Additional comments:</b></p>		

<p><b>Section 12 – internal audit</b>                  The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.</p>		
<p><b>Evidence</b></p>		<p><i>Internal auditor commentary</i></p>
<p><i>Has the Council considered the previous internal audit report?</i></p>	<p>Yes</p>	<p>The Internal Audit Report for the period ending 31<sup>st</sup> March 2023 was formally considered by and approved for adoption at the meeting of full Council of 10<sup>th</sup> May 2023.</p>
<p><i>Has appropriate action been taken regarding the recommendations raised?</i></p>	<p>Yes</p>	<p>Council has taken action to address the one recommendation raised within the internal audit report for the year ending 31<sup>st</sup> March 2023 which was to review the level of fidelity guarantee.  <i>Comment: in accordance with guidance, an action plan should be produced setting out the areas of improvement or development as identified within the narrative internal audit report. Any proposed remedial actions should be identified within the plan along with the members or officers responsible for delivering improvement and the deadlines for the completion of the action.</i></p>

<sup>11</sup> Accounts and Audit Regulations 2015

		<i>Council has understood the requirement to ensure that, having received a narrative internal audit report, it should minute its review of the work conducted and agree actions planned from the outcomes identified.</i>
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	The appointment of the person to act as the parish council's independent internal auditor for the year 2023-2024 was approved at the council meeting of 13 <sup>th</sup> March 2024.  <i>Comment: Council has understood the requirement to ensure that there is an appointed person to provide assurance that the financial and management systems of the council are sound and adequate and internal control arrangements are efficient and effective.</i>
<b>Additional comments:</b>		

<b>Section 13 – external audit for the period under review</b>		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?<sup>12</sup></i>	N/A	At the meeting of full Council of 23 <sup>rd</sup> August 2023, Council considered the report from the External Auditor for the year ending 31 <sup>st</sup> March 2023.
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	There were no matters which come to the attention of the external auditor which have cause for concern that relevant legislation and regulatory requirements had not been met. The conclusion of the audit, including the certificate and audited accounts were seen on the council's website.
<b>Additional comments:</b>		

<sup>12</sup> Regulation 20 Accounts and Audit Regulations 2015 – *following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.*

<b>Section 14 – additional information</b>		
The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> <sup>13</sup>	Yes	Council held its Annual Meeting of the Parish Council at which the Chair was elected on 10 <sup>th</sup> May 2023 in accordance with legislation in place at that time.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	Yes	<p>Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.</p> <p><i>Comment: Council has ensured that, in accordance with legislation, loose leaf minutes should be numbered consecutively and signed by the Chair of the meeting on each page.</i></p> <p>Whilst the minutes show apologies noted (where applicable), it is not always apparent as to whether the Council formally recorded that it has approved the apologies submitted.</p> <p><b>Recommendation: s85 of the 1972 Act states that “..if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.” 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.</b></p>

<sup>13</sup> The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

<sup>14</sup> Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		NALC LTN 5 provides further clarity on this matter including the good practice of seeking approval for an apology in writing.
<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the council's website the Register of Interests for all current parish councillors.
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	Council does not have any Trustee Responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	<i>In progress</i>	Council should be aware that councils with gross income and expenditure under £25,000 are required to follow the Local Government Transparency Code 2014 for smaller authorities. For those authorities that fall between the Transparency Code 2014 and the Transparency Code 2015 (gross income and expenditure exceeding £200,000), councils should strive to follow the provisions of the 2015 code. <i>Comment: Council is working towards ensuring compliancy.</i>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?<sup>15</sup></i>	Yes	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.  The adopted Model Publication Scheme as defined under the Freedom of Information 2000 has been uploaded onto the website and accurately reflects council's activities undertaken.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	Council has taken active steps to ensure compliancy with the GDPR requirements and has adopted a number of GDPR Policies during the year that provides clear responsibilities and obligations of the Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. <i>Comment: The Privacy Policy on the Parish Council's website covers the framework that the public can expect for dealing with requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.</i>
<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i>	Yes	Council has accessibility tools on its website thereby allowing for the increased functionality of the council's website, and has published a website accessibility statement on the council operated website detailing the

<sup>15</sup> Data Protection Act 2018

<sup>16</sup> Website Accessibility Regulations 2018

		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.
<i>Does the council have official email addresses for correspondence?</i> <sup>17</sup>	Yes	Council operates with a SPC@outlook.com email address for the Clerk and councillors thereby complying with GDPR and ensuring that there is a separation of private and official business. <i>Comment: Council might wish to consider comments raised in the Practitioners Guide to Proper Practices (effective March 2024) sections 5.210 to 5.219 on the importance of using .gov.uk domains for websites and emails.</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council uses a system whereby a back-up of the council's data is taken and stored appropriately.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	Terms of Reference exist for council's standing committees with evidence that they were formally reviewed and adopted at the annual council meeting of 10 <sup>th</sup> May 2023.
<b><i>Additional comments: following a successful referendum on 21<sup>st</sup> November 2023, the Sproughton Neighbourhood Development Plan (NDP) was made by Babergh District Council and now forms part of the consideration of planning applications. Adoption of the Sproughton NDP notice dated 22<sup>rd</sup> November 2023 has been displayed on the appropriate websites.</i></b>		

Signed: *Victoria S Waples*

Date of Internal Audit Review: 24.04.24 & 25.04.24

Date of Internal Audit Report: 26.04.2024

On behalf of Suffolk Association of Local Councils

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<sup>17</sup> Practitioners Guide