

Report to Framlingham Town Council Internal Audit of the Accounts for the Year Ending 31st March 2024

The primary objective of Internal Audit is to independently review, appraise and provide assurance upon the control environment, making sure that controls are mitigating the Council from increased risk exposure, and to achieve this, the internal auditor will adopt a predominantly systems-based approach to audit.

The Accounts for the year ending 31st March 2024 can be summarized as follows:

Income to date:	£249,244 (rounded)
Expenditure to date:	£240,113 (rounded)
Precept figure:	£180,941(rounded)
Current Year Fund:	£ 51,539 (rounded)
Earmarked Reserve:	£429,005 (rounded)

The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the scope previously approved by the Council with particular emphasis upon the following:

- Review and assess the soundness, adequacy, effectiveness and reliability of financial and performance management systems
- Review and assess the efficiency and effectiveness of internal control arrangements and working practices and make recommendations to improve these where appropriate
- Review and assess the adequacy of procedures to ensure the Council's assets and interests are adequately protected and risks are identified and effectively managed
- Check for compliance with legislation and the Council's integrity and ethical standards, policies and procedures

Comments and any recommendations arising from the review are made below.

Subject & tests carried out	Comments/Recommendations
<p>1. Proper book-keeping. Examination of</p> <ul style="list-style-type: none"> • Review of accounting system • Cashbook • Reconciliations of cashbook 	<p>The council fully uses the Rialtas accounting package which produces reports on an Income and Expenditure basis. Council's gross income and expenditure has been above the threshold of £200,000 for three (3) continuous years and this is the correct format for the reporting of council's transactions. The Responsible Financial Officer (RFO) follows the year-end procedures as outlined to ensure that the income and expenditure account agrees with the balance sheet.</p> <p><i>Comment: it is noted from the minutes of the Finance & HR Committee of 21st March 2024, that the RFO has confirmed that the migration from Rialtas to the Scribe accounting package (as approved by the council) was close to switch over and should be operational by the new financial year.</i></p> <p>Council follows proper practices by ensuring that its accounting procedure gives a more 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. The cashbook is kept up to date and regularly verified against bank statements.</p> <p>All receipts and expenditure transactions are referenced with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed. The RFO has ensured that the full range of the financial package has been used for the preparation of the end-of year accounts.</p> <p>Cash books are reconciled on a monthly basis. Spot checks were made and found to be correct. The RFO ensures that the cash book remains 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.</p>
<p>2. Payment Controls Examination of:</p> <ul style="list-style-type: none"> • Cash book entry • Supporting paperwork • Minuted approval • Review of method of payment • VAT identified, reported and reclaimed • Review of estimates, quotes and tenders • Credit card payments • General Power of Competence 	<p>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. Council follows good practice by ensuring that, upon receipt of invoices, verification that the relevant goods or services have been received is obtained and invoices checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT.</p> <p>The RFO has confirmed that orders are usually placed by email following approval at either a relevant committee or full council. Where a new contract is issued an official</p>

	<p>order was not considered necessary. The RFO has ensured that where relevant council has complied with its own Standing Orders and Financial Regulations in terms of procurement and where those regulations require an open invitation and a formal tender process, it has followed them.</p> <p><i>Comment: the council demonstrates good practise by understanding that official orders both commit a supplier to a price and helps prevent unauthorised credit being granted in the authority's name.</i></p> <p>Where Council has chosen to invite specific firms to tender, it has ensured that the reasons for such an action is recorded in accordance with guidance.</p> <p><i>Comment: Council should note that Regulation 112 of the Public Contract Regulations 2015 states that, in such circumstances, where the opportunity was not advertised, it must still publish the awarding of the contract (£30,000) on the Contracts Finder within a reasonable timeframe.</i></p> <p>A further spot check of items paid via the BACS/Direct Debit system from the Council's Accounts were cross checked against purchase order / works order raised, cashbook, bank statements and invoices. 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. The minutes of the Finance and HR Committee of 18th May 2023 carried out a review of the annual list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation for which council may authorise payment for the year provided that the requirements of Financial Regulation (FR) 3 (Budgetary Controls) are adhered to and further satisfies FR 6.5-6.9 by ensuring that payments made on a monthly basis via Direct Debit and Standing Order are submitted at each full council meeting.</p> <p>Council operates, in accordance with Council's FR 6.6-6.7, a complex security system for payments which are settled by the BACS system. The system ensures that the instructions for each payment are signed by authorised bank signatories following submission of payments by the RFO.</p> <p><i>Comment: This not only protects the RFO but continues to fulfil an internal control objective to ensure the safeguarding of public money.</i></p> <p>At the meeting of 10th May 2023, full council, having confirmed that it met the criteria to adopt the General Power of Competence, as set out under the General Power of Competence (Prescribed under Conditions) Order 2012, resolved that it be so adopted.</p>
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	<p>Grants under this power for the year under review totalled £4,207. The Small Grant Scheme offered by the Council requires clear evidence to support requests with the application form showing that such requests should demonstrate that it will benefit Framlingham and its residents.</p> <p>Whilst there is a satisfactory expense system in place with council ensuring that all expense claim forms are standardised; accompanied by receipts and that all forms are signed and authorised, it is noted that staff are being reimbursed for expenses that are generally to be regarded as business activities associated with the council.</p> <p><i>Comment: council might wish to look to ensure that use of the Town Council Credit Card is extended to include the Clerk to ensure there is cover for non-staff expenses and that costs incurred do not adversely impact on an employee or councillor. Such expenses would be expected to be made in accordance with FR 6.11.</i></p>
<p>3. Standing Orders and Financial Regulations Examination of:</p> <ul style="list-style-type: none"> • Compliance • Annual Review • Adherence • Appointment of Responsible Financial Officer 	<p>The Standing Orders, as seen on the Parish Council's website, were last reviewed in April 2022 and are in the main 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 previously notified changes to procurement thresholds as identified below.</i></p> <p>Financial Regulations (FR), as seen on the Council's website were reviewed at the meeting of 6th January 2022 although the minutes from the full council meeting of 20th April 2023 indicate that revised FRs were adopted. Those seen are based on the NALC Model Financial Regulations 2019 with provisions included as outlined under LTN 87 - Procurement – March 2022.</p> <p><i>Comment: whilst Council has acknowledged that revised Model Financial Regulations are due to be released, Council should note the Procurement Thresholds amendments (SI 2022/139) of the Public Contracts (Amendment) Regulations 2022 came into force on 21st December 2022 and changes to the contract value limits from £25,000 to £30,000 for non-central government authorities should have been enacted. The contract value limits are to be calculated inclusive of VAT (effective from 1st January 2022).</i></p> <p>The Council, in accordance with proper practices and with reference to section 151 of</p>

	<p>the Local Government Act 1972, has employed a Responsible Financial Officer (RFO) who is responsible for the financial administration of the authority. <i>Comment: Council should be aware that FR 1.2 states that the Clerk has been appointed as RFO for the council. Clarification is required on the segregation of the duties of the position of Clerk and RFO as detailed on the council’s website and within its staffing structure.</i></p>
<p>4. Risk Management.</p> <ul style="list-style-type: none"> • Annual Review and Minuted • Review of risks associated with <ul style="list-style-type: none"> ➤ Financial Management ➤ Cemetery ➤ Allotments ➤ Building/ Assets • Insurance in place <ul style="list-style-type: none"> ➤ Adequate ➤ Reviewed • Fidelity Guarantee Cover Insurance <ul style="list-style-type: none"> ➤ Adequate ➤ Reviewed • Internal Controls documented and regularly reviewed 	<p>The council’s risk management strategy, as identified in its Financial Management and Control Risk Assessment documentation covers the year 1st April 2023 to 31st March 2024 and follows an internal review to ensure that there is protection in place for council’s assets and that the manner in which council operates is in conformity with its overall objectives. Whilst the document is regarded as a “live” register, evidence was provided of reviews of risk assessments carried out on an ad hoc and regular basis. <i>Comment: from a review of the risks identified within its risk register, council provides evidence that overall it is acting within its the sphere of the controls as set out in the Risk Register for 2023 – 2024 and has demonstrated that in accordance with Proper Practices and with reference to the Accounts and Audit Regulations 2015, it has in place safe and efficient arrangements to safeguard public money and that a regular review of the safety of the parish council’s assets and in particular its money, is part of the methodical manner in which Council addresses the risks associated with the activities and services it provides.</i></p> <p>Whilst a scan of the minutes did not give rise to any unusual financial activity and there were no actions of a potentially unlawful nature being considered, council was made aware of a need for clarity with regards to the written resolution for the investment in May 2023 of £200,000 and the potential breach of FR5.5. <i>See Section 10 below.</i></p> <p>As noted at the meeting of 18th May 2023, council is in the final year of the contract with its then current insurers Zurich Municipal and has in place a Select for Local Council Policy. It was noted that the overall premium had increased significantly for the year and council would commence the renewal process in May 2024.</p> <p>Core cover shows the following: Public Liability £10,000,000; Employer’s Liability £10,000,000. Fidelity Guarantee Cover is £1,000,000 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. One premise is covered under material damage.</p>

	<p>All Risks cover is in place for the council’s premises as noted and assets with cover non-location specific. As part of its overall area of risk management, with particular reference to play equipment and associated areas, all play area inspection reports are submitted to and considered by the Lands and Market Committee with relevant actions being undertaken and / or recommended where necessary.</p> <p><i>Comment: in accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance. Overall Council has understood the requirement to have in place safe and efficient arrangements to safeguard public money.</i></p> <p>The review of council’s internal controls was undertaken during the year with the addition of the specific control procedures for payments by bank transfer or other electronic means added to the risk register. The risk identified and the measures to mitigate the risk has resulted in council having in place an adequate process to protect the Council against payment of invoices which may show fraudulent bank account details, thereby allowing it to identify, assess and record the control mechanisms in place to ensure that all reasonable steps are taken to safeguard and protect public finances.</p> <p><i>Comment: Council has ensured conformity with the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 and formally reviewed the effectiveness of its system of internal control.</i></p>
<p>5. Budgetary controls. Examination of:</p> <ul style="list-style-type: none"> • Verification of process of setting of budget • Monitoring of budget • Reserves 	<p>Full Council approved the budget for 2023 – 2024 at its meeting of 4th January 2022 with the revenue budget being £184,7522 to be funded by the precept, reserves and known funding streams. The precept set at the same meeting was £180,941 with the paperwork demonstrating that this would equate to a 4.5% increase per annum on that set for the year 2022 - 2023.</p> <p>A review of the budget including detailed income and expenditure position is reported in accordance with council’s own Standing Orders. Evidence was seen of budget report to actual with committed expenditure and funds available breakdown. Expenditure breakdown by heading is provided to full council which ensures detailed information is received for currently funded projects.</p> <p><i>Comment: Council continues to show good practice by following the recommended key stages as to the budgetary process to be followed for the year: C decide the form and level of detail of the budget; review the current year budget and spending; determine the cost of spending plans; assess levels of income; bring together spending and income plans; provide for contingencies and consider the need for reserves;</i></p>

	<p><i>approve the budget; confirm the precept or rates and special levies; and review progress against the budget regularly throughout the year.</i></p> <p>Council’s Financial Regulations as adopted by full council details under FR3.1 the expenditure on revenue items that may be authorised up to the amounts included for that class of expenditure in the approved budget. FR 3.5 specifically deals with the unspent provisions in the revenue budget and the manner in which they must be placed into an earmarked reserve if they are to be carried for into the subsequent year. <i>Comment: Council is to be mindful of the requirement for such authority to be by resolution of the council.</i></p> <p>The Council on 31st March 2023 had overall reserves totalling £480,544 General Reserves stood at £51,539 with agreed Earmarked Reserves of £429,005. <i>Comment: Council is aware of the 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 maintained at between three and twelve months of Net Revenue Expenditure and that it should ensure that the level of general reserves adopted is in accordance with its General Reserve Policy. It is generally held that councils with income and expenditure in excess of £200,000 should plan towards three months equivalent general reserve.</i> Recommendation: in accordance with guidance as issued under the Practitioners Guide, Council is advised to adopt a Reserves Policy to be used as the basis for the allocation of Council’s General Reserves as well as a formal review of the Council’s Earmarked Reserves.</p> <p>Council has demonstrated that it is aware that 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). The RFO is aware that explanations as to the high level of general reserves being held will need to be submitted to the external auditor as well as evidence that it has reviewed the level and purpose of all earmarked reserves.</p>
<p>6. Income controls. Examination of:</p> <ul style="list-style-type: none"> • Precept • Other income • Community Infrastructure Levy (CIL) 	<p>Council received precept in the sum of £180,941 from East Suffolk Council for the period under review on in April and September as reported to Council. Evidence was provided showing a full audit trail from precept being discussed and approved to that 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. The minutes demonstrate that this equated to a 4.5% increase over that set for the previous year. <i>Comment: it is unclear from the minutes as to the impact that such an increase would</i></p>

	<p><i>have on a Band D dwelling. Council might wish to record the impact that its financial decision will have on a Band D dwelling within the meeting at which the levy is formally agreed.</i></p> <p>Spot checks on further items paid under BACS / Direct Credit into the Council's Accounts were cross checked against cashbook, bank statements and invoices raised by the Parish Council. All were found to be in order with a clear underlying audit trail. Income received is reported on a monthly basis to the Finance & HR Committee within the financial reports submitted by the RFO.</p> <p>In accordance with Proper Practices the Council has ensured that as a Burial Authority, it maintains a formal burial register which is up-to-date and accurately held. A review of a sample of interments and memorials were appropriately evidenced, and fees had been charged at the correct approved rate and recovered within a reasonable time. Cemetery fees were reviewed and set for the year commencing 1st April 2022 at the meeting of the Lands and Market Committee and are due to be reviewed in April 2024.</p> <p>The RFO has confirmed that there are appropriate signed tenancy agreements in place and that a register of all tenants is maintained to ensure that debtors are adequately monitored. All rents were collected for the year 2023 – 2024.</p> <p>All other rents from the use of council land and assets were settled during the year under review or raised as debtors at year-end. Approval for customer debts to be written off is handled in accordance with the remit of the relevant committee with formal approval given by council in accordance with FR 9.4.</p> <p>During the year under review, council did not receive any CIL receipts. The RFO has created an earmarked reserve for retained CIL balances in accordance with the Regulations. with the CIL workings for 2023/2024 showing that there is a retained balance of £289,129.79. The Annual CIL Statement has been produced and signed by the Clerk and Chair and be uploaded onto the council's website.</p> <p><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></p>
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<p>7. Petty cash/expenses procedure. Examination of:</p> <ul style="list-style-type: none"> • System of control • Supporting documentation 	<p>Council does not operate a petty cash system.</p>
<p>8. Payroll controls. Examination of:</p> <ul style="list-style-type: none"> • Management of payroll • PAYE/NIC system in place • Compliance with HMRC procedures • Records relating to contracts of employment 	<p>The council's payroll service was reviewed and has been operated properly and overseen by the council as an employer. The council is a member of the Local Government Pension scheme (LGPS). At year-end Council had 4 employees on its payroll, 3 of which were members of the Local Government Pensions Scheme as operated by Suffolk County Council.</p> <p>A re-declaration of Compliance was carried out and confirmed as having been done on 1st January 2023. All members of the Council's Staff are eligible to join the Council administered Pension Scheme if such a request is submitted.</p> <p>Cross-checks were completed on a number of items each of salary, PAYE and pension contributions and these were all found to be in order. In accordance with Proper Practices, PAYE taxes and employee and employer National Insurance contributions (NIC), and Pension Contributions are calculated and recorded for every employee. Deductions are paid to HM Revenue and Customs and Suffolk County Council on or before the dates prescribed.</p> <p>Salaries are paid in accordance with contracted hours worked and timesheets for office staff with overtime being approved by the Finance & HR Committee. Variations to staff contracts and pay scales are reviewed by the Finance & HR Committee with recommendations submitted to full council for adoption.</p> <p>Full Council approved the implementation of the NJC Pay Award and ensuring pay scales for 2023/24 backdating all paid hours worked to 1st April 2023. <i>Comment: in accordance with Proper Practices, Council has ensured that the remuneration payable to all employees has been approved in advance by the Council. There are robust 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 employment legislation and has met its pension obligations.</i></p> <p>The Finance & HR Committee, at its meeting of 21st September 2023 noted that all bar one of the staff appraisals have been completed in accordance with the stipulations of</p>

	<p>their written employment of contract. The minutes of the same committee of 19th October 2023 confirmed that the final appraisal had been completed.</p>
<p>9. Asset control. Examination of:</p> <ul style="list-style-type: none"> • Asset Register • Checks on existence of assets • Recording of fixed asset valuations • Cross checking on insurance cover 	<p>The Asset Register is held on a computerised system and covers those items listed under insurance and within the parish council’s remit for maintenance and ownership. The Asset Register currently stands at £600,038.55 which shows overall movement to that declared at the year-end of 31st March 2023 taking into account acquisitions and disposals during the year under review. A detailed hard copy of the Asset Register was submitted to the Internal Auditor to allow the spot check to be carried out.</p> <p><i>Comment: in accordance with Proper Practices, council has noted the requirement to ensure that it holds a formal asset register which is routinely updated to record new assets at historic cost price, net of VAT and to remove any disposed of / no longer serviceable assets.</i></p> <p>The Asset Register details assets held by the Council which have been defined as Fixed Assets and the approved itemised list will form the basis of Box 9 of the Annual Governance and Accountability Guide.</p> <p>Where assets have been gifted or where there is no known value, or where an asset has no functional purposes or any intrinsic resale value, these assets have been given the proxy value of £1. This value has also been applied to a number of community assets, which, in accordance with guidance, are treated in the same manner as gifted assets.</p> <p><i>Comment: This current valuation for assets commonly known as community assets is in line with requirements for smaller authorities to record each asset at its original purchase cost or where the original purchase cost is unknown at the time of first recording on the asset register, a current value is recorded, which acts as a proxy value to the original cost and will remain unchanged until disposal.</i></p> <p>The Asset Register was reviewed during the Internal Audit Visit and a spot check of assets against insurance valuations was undertaken and found to be in order. The register allows tracking from the prior year to the current.</p>
<p>10. Bank reconciliation & Investments Examination of:</p> <ul style="list-style-type: none"> • Bank reconciliations • Cashbook • Bank statements • Monitoring of investments 	<p>Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports submitted to the FRCC and as reported in the minutes of the Committee submitted to full Council. Detailed income and expenditure reporting is also submitted in accordance with the timescales prescribed within Council’s Standing Orders and form part of the minutes that are retained in hard copy by the Council.</p>

<ul style="list-style-type: none"> • Investment strategy 	<p><i>Comment: Council is aware that, in accordance with Proper Practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows which aids decision-making, particularly when there are competing priorities. In accordance with Proper Practices, council has implemented a system whereby the monthly reconciled bank accounts are presented to the Finance Committee. Council has continued to follow good practice by ensuring that the reconciliation of the cash book to bank statements is reported to members, and the full reconciliation made available for scrutiny each time it is done. Approval of the bank reconciliation by the authority or the chair of the committee or another authority nominee is not only good practice but is also a safeguard for the RFO and will fulfil one of the authority’s internal control objectives.</i></p> <p>Bank balances as of 31st March 2023 agree with the year-end bank statements and at year end stood at £484,813.48 across the accounts held in the council’s name as verified from year-end statements and the cashbook.</p> <p>Council has sought to take benefit from the provisions of the Financial Services Compensation Scheme (FSCS) which provides that up to £85,000 will be automatically compensated per bank and building society.</p> <p>Council is aware of the risks involved in the holding of sums within one or two banking organisations and the consideration of the costs/benefits of placing funds within a range of accounts to secure maximum protection under the FSCS. During the year under review, council reviewed its Annual Investment Strategy (meeting of full council 3rd January 2024) and gave approval of the funds to be held within the portfolio outlined as recommendation by the Finance & HR Committee at its meeting of 14th December 2023.</p> <p>In accordance with the strategy, at the meeting of 20th July 2023, the Finance & HR Committee gave approval for £70,000 to be placed in a Nationwide 1-year fixed rate account and at the meeting of 16th November 2023 noted that the funds invested with the Unity Trust Bank.</p> <p><i>Comment: whilst council has abided by its investment strategy, it should be noted that any investments for more than 12 months terms, are classified as Assets and should be included in the AGAR at Section 2, line 9.</i></p> <p>At a further meeting in May 2023, whilst approval was given to invest £200,000 in an HSDC 6-months fixed rate account (as recommended by the Finance & HR Committee), it has been reported that this was in breach of FR5.5 as the resolution was not fully minuted. It is noted that FR5.5 does allow such deposit accounts to be held. Full council, at its meeting of 1st November 2023 gave approval for the £200,000 so invested to be reinvested noting the repayment date of 9th May 2024. It is noted that the RFO has</p>
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	<p>sought to regularise the original investment decision by bringing back the resolution of May 2023 to full council for retrospective approval. From the minutes of 10th April 2024, council resolved to retrospectively approve the transfer of a £200,000 to a 6-month HSBC Money Market account on 9th May 2023.</p> <p><i>Comment: the Clerk and RFO have determined an action plan to ensure that recommendations made by the Finance & HR Committee are approved at full council meetings.</i></p> <p>Council, in seeking to diversify its reserves between highly rated UK banks and building societies with the objective of prudently investing some of its balances, is mindful that all investments should have regard to security of reserves and liquidity of investments. Overall, Council has taken into account the guidance as per Proper Practices on the treatment of investments which states that it is unusual for an authority to hold its reserves other than in the form of easily accessible bank deposits or other short-term investments.</p>
<p>11. Internal Audit: Examination of:</p> <ul style="list-style-type: none"> • Reporting of Previous Internal Audit Reports • Review of internal audit • Review of effectiveness of internal audit • Appointment of internal auditor 	<p>The Internal Audit Report for the period ending 31st March 2023 was formally considered by full Council at meeting of 10th May 2023.</p> <p>The following recommendation, raised in the internal audit report for the period ending 31st March 2023, has been attended to:</p> <ol style="list-style-type: none"> 1. Section 2 Boxes 2 and 3 should be restated in the 2023 AGAR as the Council Tax Support Grant has been included in the former. <p>In accordance with the Accounts and Audit Regulations 2015, the Finance and HR Committee, under delegated powers, formally reviewed the scope of its internal audit arrangements at its meeting of 18th April 2024. The review covered an assessment of the scope of internal audit, independence, and competence of the internal auditor, audit planning and reporting along with overall responsibility for each function. All were found to be acceptable to the council along with audit plan produced.</p> <p>Mrs Waples was appointed to act as the parish council’s independent internal auditor for the year 2023-2024 at the Full Council meeting of 6th March 2024, following a recommendation submitted by the Finance and HR Committee (at its meeting of 22nd February 2024) to provide assurance that the financial and management systems of the council were sound and adequate and internal control arrangements were efficient and effective.</p> <p><i>Comment: Council has understood that it should have a clear written understanding of the roles and responsibilities for internal audit, audit planning and timing of visits,</i></p>

	<p><i>reporting requirements; access to information; period of engagement and remuneration.</i></p>
<p>12.External Audit Examination of: • Reporting of External Audit Report</p>	<p>There is no minute to demonstrate that Council formally received and adopted the meeting. The External Auditor’s Certificate and Report for the year ending 31st March 2023 was not brought to the council for formal consideration having been first considered by the Finance and HR Committee RCC at its meeting of 21st September 2023. <i>Comment: Council should note Regulation 20 (in part) which states that the annual audit letter received from the auditor must be considered by the authority as a whole. Council is advised that this should not be relegated to a Committee of the Council.</i></p> <p>The report and certificate make mention of the following matter other matters which did not affect their overall opinion, but which were made to draw to the attention of the Parish Council: “Some of the explanatory wording in respect of the Governance Assertions had been deleted from the form although a link had been provided to the full statement. We note that the smaller authority did not comply with Regulation 5 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2023/24 for the exercise of public rights, since the correct information was not published on the website (unaudited AGAR). Recommendation: Council is advised to ensure that it follows the direction of the external auditor and answer in the negative to Assertion 4 of the Annual Governance Statement for 2023-2024. Council should also ensure that it receives a corrective plan as to the actions being undertaken from the outcomes of the AGAR tests and the content of any narrative report from External as well as Internal Auditors.</p> <p>The Internal Auditor is able to verify that the external auditor report and certificate along with the audited accounts, internal audit report and conclusion of the external audit have been published on the Council’s website. Details as to how copies may be purchased have also been included. <i>Comment: Council has complied with the Regulation 16 of the Accounts and Audit Regulations 2015, and demonstrated that it is aware that, as soon as it is reasonably practical after the conclusion of the audit, it should publish a statement saying that the audit has been concluded, giving the details of the public’s rights of inspection under section 25 of the 2014 Act (Local Audit and Accountability Act 2014) and saying where and when those rights may be exercised.</i></p>

<p>13. Year-end procedures. Examination of:</p> <ul style="list-style-type: none"> • Appropriate accounting procedures used • Bank Statements and Cash Book agree • Debtors and Creditors properly recorded • Has the appropriate end of year AGAR documents been completed? • Intermediate level review procedures • Where an authority certified itself exempt in 2022/23 did it met the exemption criteria and correctly declared itself exempt? • Was there the opportunity provided for the exercise of electors’ rights during Summer 2023? • Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015. 	<p>Accounts are produced on an income and expenditure basis. All were found to be in order. There is a full underlying financial trail from financial records to the accounts produced. Debtors and creditors have been properly recorded and the RFO has continued to ensure that the Council’s accounting software contains and records details on its assets and liabilities including the asset and investment register and other debts.</p> <p>Year-end balances agree with cash book and bank reconciliations: Debtors: £1,812 VAT Account: £3,821 Prepayments: £3,037 Bank Accounts: £484,813 Creditors: £12,939 Represented by: Total Reserves: £480,544</p> <p>As the Council is a smaller authority with gross income and expenditure exceeding £25,000 but not exceeding £6.5million it will be required to complete Part 3 of the AGAR. It is noted that given its level of income, the Council meets the requirement for an intermediate level review.</p> <p>As the Council was a smaller authority with gross income and expenditure exceeding £25,000 during the year 2022/2023, it was not able to certify itself as an exempt authority.</p> <p>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 5th June to 14th July 2023 with the Notice also being dated 1st June 2023. However, in the External Auditor’s Certificate (see above), council’s attention has been brought to the fact that the unaudited accounts were not seen on the website at the time of the period.</p> <p>Recommendation: Council is advised to ensure that it follows the direction of the external auditor and answer in the negative to Assertion 4 of the Annual Governance Statement for 2023-2024.</p> <p>The Internal Auditor is able to confirm that the Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with</p>
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FRAMLINGHAM TOWN COUNCIL ANNUAL INTERNAL AUDIT – 2023-2024

	<p>income and expenditure not exceeding £25,000 and published the following for the year 2022/2023 on a public website: Annual Internal Audit Report of the AGAR Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statements of the AGAR Section 3 – The External Auditor Report and Certificate Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.</p> <p>The Annual Governance and Accountability Return (AGAR) to be presented to full Council for approval prior to submission to the External Auditors was examined and the following figures agreed with those submitted by the RFO for inclusion in Section 2 Accounting Statements 2023 – 2024 (rounded for purposes of the Return): <i>it is upon these figures that the internal audit review was completed</i></p> <table border="1"> <tr> <td>Balances brought forward (01.04.20)</td> <td>Box 1</td> <td>471413</td> </tr> <tr> <td>Annual Precept 2020/21</td> <td>Box 2</td> <td>180941</td> </tr> <tr> <td>Total Other Receipts</td> <td>Box 3</td> <td>68303</td> </tr> <tr> <td>Staff Costs</td> <td>Box 4</td> <td>97582</td> </tr> <tr> <td>Loan Interest / Capital Repayments</td> <td>Box 5</td> <td>0</td> </tr> <tr> <td>Total Other Payments</td> <td>Box 6</td> <td>142531</td> </tr> <tr> <td>Balances Carried Forward</td> <td>Box 7</td> <td>480544</td> </tr> <tr> <td>Total Cash and Investments</td> <td>Box 8</td> <td>484813</td> </tr> <tr> <td>Total Fixed Assets (<i>as amended</i>)</td> <td>Box 9</td> <td>600038</td> </tr> <tr> <td>Total Borrowings</td> <td>Box 10</td> <td>0</td> </tr> </table> <p>Sections 1 and 2 - Governance Statement and Accounting Statements of the AGAR are still to be presented to, approved and signed by full Council. The Internal Auditor has completed the Annual Internal Audit Report 2023/24 within the AGAR.</p>	Balances brought forward (01.04.20)	Box 1	471413	Annual Precept 2020/21	Box 2	180941	Total Other Receipts	Box 3	68303	Staff Costs	Box 4	97582	Loan Interest / Capital Repayments	Box 5	0	Total Other Payments	Box 6	142531	Balances Carried Forward	Box 7	480544	Total Cash and Investments	Box 8	484813	Total Fixed Assets (<i>as amended</i>)	Box 9	600038	Total Borrowings	Box 10	0
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<p>14. Transparency Code. Examination of:</p> <ul style="list-style-type: none"> • Transparency code requirements 	<p>To ensure full compliance with the requirements of the Local Government Transparency Code 2015 (turnover exceeding £200,000), council’s officers have maintained the Council’s website so that it is updated regularly with the following information in accordance with the required timescales:</p> <p>Publication quarterly: Individual items of expenditure that exceed £500 (currently published on an annual basis); Government Procurement Card transactions; Invitations to tender for contracts over £5,000; Details of contracts that exceed £5,000;</p> <p>Publication annually: Details of all land and building assets; Parking Report; Grants to Voluntary, Community and Social Enterprise Organisations; Organisational Chart; Trade Union; Pay Multiple.</p> <p><i>Comment: this Code applies to local authorities, including parish councils with annual income or expenditure (whichever is the higher) over £200,000.</i></p>
<p>15. General Data Protection Regulations (GDPR). Examination of:</p> <ul style="list-style-type: none"> • ICO Registration • Model Publication Scheme • Compliance with GDPR requirements 	<p>The Council is correctly registered with the Information Commissioner’s Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.</p> <p>The Council’s Publication Scheme, from information seen on the website, currently shows a different staffing structure from that in operation for the town council and priorities that have not been updated.</p> <p>Recommendation: during the 2024-2025, council is advised to review the document and update the information contained therein, ensuring that such a review is carried out on an annual basis information and that the scheme is published proactively and in accordance with the Freedom of Information Act 2000.</p> <p>Council has taken active steps to ensure compliance with the GDPR requirements and has produced a GDPR Policy that provides clear responsibilities and obligations of Linton Parish Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. Appropriate Data Protection policies and procedures are in place along with the lawful basis for the processing of data covered by the regulations. Council has also adopted policies that deal with the effective management of its records thereby demonstrating that it has acted in compliance</p>

	<p>with its legal and regulatory obligations. <i>Comment: council should ensure that any such policy or policies relating to record management should also include a review of council documentation on an annual basis.</i></p>
<p>16. Additional comments. Examination of:</p> <ul style="list-style-type: none"> • Annual Meeting • Election of Chair and Vice-Chair and signing of Declaration of Acceptance of Office • Register of Interests • Code of Conduct • Review of Terms of Reference for Standing Committees • Minutes • Openness of Local Government Bodies Regulations 2014 • Policies • Accessibility for Websites and Mobile Applications • Cookie and Disclaimer Notices on Websites • Use of secure email 	<p>Council held its Annual Meeting of the Parish Council on 10th May 2023 at which the Chair and Vice-Chair for the coming year were elected as the first items on the agenda, in accordance with legislation.</p> <p>In accordance with section 83(4) of the 1972 Act, Council has ensured that all Councillors, on being elected to office, including that of Chair and Vice-Chair have signed a declaration of acceptance of office in the presence of another councillor or the clerk.</p> <p>Evidence was seen on the Parish Council’s website of the Register of Interests for all current Parish Councillors.</p> <p>Council resolved to adopt the Model Councillor Code of Conduct 2020 as produced by the Local Government Association (LGA) for the purposes of discharging its duty to promote and maintain high standards of conduct within its area at its meeting of 1st June 2022.</p> <p>From the documentation seen on the website, Council adopted the terms of reference for the following standing committees on 1st April 2021 with a review due September 2021: Development & Strategic Planning; Highways, Rights of Way and Parking, Lands & Markets, Communication, Events and Partnerships, Planning & Environment, Finance & HR. <i>Comment: Council might wish to seek to review the committee structure and objectives in line with elections to the town council thereby ensuring that the objectives being pursued by the council are in line with its routine areas of interest.</i></p> <p>In accordance with the Local Government Act 1972 Schedule 12 para 41 (1), council is aware that the loose-leaf minutes and associated documents of the council should be initialled and signed by the person chairing the meeting at the time of signature which ensures their lawful providence. During the year under review, at each meeting the Council has approved the minutes and given further approval for the minutes to be signed at a later date after the meeting. However a review of the minutes does not show a system of consecutive numbering. <i>Comment: council should be aware that para 41 (2) of the above-mentioned act states</i></p>

	<p><i>that looseleaf minutes are lawful provided that the pages are consecutively numbered and initialled by the person signing the minutes at the time of signature.</i></p> <p>The Openness of Local Government Bodies Regulations 2014 were enacted on 5th August and came into force on 6th August 2014. These regulations allow for the filming and recording of Council meetings (and other specified public bodies) and provide for access to records (e.g. of decisions made by officers).</p> <p><i>Comment: Council has reviewed the provisions of the 2014 Regulations to ensure that, by publishing a range of information online, it is compliant with the provisions of the 2014 Act.</i></p> <p>The Regulations of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 was enacted on 23rd September 2018. The regulations aim to ensure public sector websites and mobile apps are accessible to all users, especially those with disabilities. The Accessibility Statement detailing how information will be produced on its website and how to gain access to content is readily accessible to view.</p> <p>The rules on cookies are covered by the Privacy and Electronic Communications Regulations 2003 (PECR). PECR also covers the use of similar technologies for storing or accessing information, such as ‘Flash cookies’ and device fingerprinting. The ICO is responsible for enforcing these rules and recommends that organisations have clear and comprehensive information about the way they use cookies and ensure that for any cookie not strictly necessary for their website, they give you an appropriate means of consenting to that cookie being set on your device. Council has a cookie policy accessed through a link within the consent mechanism at the bottom of the website front page to advise users of the use of cookies.</p> <p>Council operates with a framlingham.com website which also supports a secure and digitally managed email system. A number of councillors have taken up the opportunity of using @framlingham.com email addresses.</p> <p><i>Comment: Council has noted the requirement that every authority should have an email account that belongs to the council and to which the council has access. However, council might wish to note guidance issued in the Proper Practices (effective March 2024) of the importance of ensuing that it uses a secure e-mail system with a gov.uk address thereby identifying that it has local government status and demonstrating authenticity when building trust and credibility with the public. It is further advised that, to assist with GDPR, clerks should give official email accounts to their councillors which should only be</i></p>
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	<i>used for official council business. (Proper Practices 5.210 – 5.219 refer).</i>
17. Summary	<p>The Internal Auditor offers her appreciation for the assistance given by council’s staff in the completing of this audit. Council is to be commended for ensuring that robust systems in place are adhered to and operates to a high standard.</p> <p>Acknowledging that the primary role of the internal auditor is to provide independent, objective assurance to Members and management that key risks are being managed effectively, a number of comments have been made in the light of the year ending 31st March 20223. These comments are aimed at assisting Council to explore the adoption of further policies to provide reassurance that the Council’s risk management, governance and internal control processes are operating effectively.</p> <p>Overall, Council has effective and strong governance arrangements and can show evidence of good financial practice. The internal audit review, undertaken on the documentation provided to the internal auditor and that published on the council’s website, has provided evidence of the overall adequacy of the financial arrangements in place within the council.</p> <p><i>For further information and for the year effective 1st April 2024 please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2024</i></p>

Victoria S Waples

Date of Internal Audit Review: 29.04.24 – 05.05.24

Date of Internal Audit Report: 05.05.2024

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