

## **Report to Thurston Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2021**

#### **1. Introduction and Summary.**

1.1 The Internal Audit work undertaken confirmed that during the 2020/21 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.

1.2 The Council displays many examples of good financial practice and continues to prioritise the maintenance of a high standard of financial management and control. Appropriate formal Policies, Procedures and Protocols have been adopted by the Council and these provide a solid foundation for the continuing operation of strong financial management and control.

1.3 The Council displays many examples of strong governance including a strategic 3-year Business Plan (currently in place for the period May 2019 to May 2022) with measurable objectives. The Council supported the local community during the period of restrictions imposed as a result of the pandemic and an Emergency Plan (Covid-19) was put into operation. The Council also completed the installation of a Youth Shelter and Base on the New Green Centre Grounds.

1.4 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.5 The Accounts for the year confirm the following:

*Total Receipts for the year: £314,243.48*  
*Total Payments in the year: £222,445.15*  
*Total Reserves at year-end: £206,358.11 (of which £199,689.26 is earmarked/  
restricted)*

1.6 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2020/21 (rounded for purposes of the Return):

|  |                        |
|--|------------------------|
| <i>Balances at beginning of year (1 April 2020):</i> | <i>Box 1: £114,560</i> |
| <i>Annual Precept 2020/21:</i>                       | <i>Box 2: £105,162</i> |
| <i>Total Other Receipts:</i>                         | <i>Box 3: £209,081</i> |
| <i>Staff Costs:</i>                                  | <i>Box 4: £49,907</i>  |
| <i>Loan interest/capital repayments:</i>             | <i>Box 5: nil</i>      |
| <i>All Other payments:</i>                           | <i>Box 6: £172,538</i> |
| <i>Balances carried forward (31 March 2021):</i>     | <i>Box 7: £206,358</i> |
| <i>Total cash/short-term investments:</i>            | <i>Box 8: £206,358</i> |
| <i>Total fixed assets:</i>                           | <i>Box 9: £242,478</i> |
| <i>Total borrowings:</i>                             | <i>Box 10: nil</i>     |

1.7 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 within the AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the scope approved by the Council. Comments and any recommendations arising from the review are made below.

**2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).**

2.1 The Council took appropriate action following the restrictions in place as a result of the Covid-19 pandemic. At its meeting on 18 March 2020 the Council confirmed the powers specifically delegated to the Clerk/RFO under the Scheme of Delegation and agreed to approve advance authorisation of payments occurring on an annual basis for the period 1st April 2020 to 31st March 2021 and to allow, with reference to item 6.6 of Financial Regulations, the signing of cheques other than at meetings. To allow proper scrutiny of records of payments and the accounts, in accordance with section 5 of the Financial Regulations, any signatures obtained away from such meetings were to be reported to the Council at the next convenient meeting. An Emergency Plan (Covid-19) was put into operation by the Council to support the local community.

2.2 At its meeting on 6 May 2020 the Council agreed to delegate authority to the Clerk/RFO to take any action needed to execute the Council's statutory responsibilities in respect of audit, and also permit the Chair of the Council to sign any related undertakings where necessary (Minute 8a refers). The Clerk/RFO presented appropriate reports to Council regarding items actioned under delegated powers.

2.3 The Council continued to meet by video-conferencing during the year 2020/21 in accordance with the Virtual (Video) Meeting Protocol dated 16 April 2020, as adopted by the Council and published on the Council's website.

2.4 As part of its governance responsibilities, at the meeting on 5 February 2020 the Council received the Clerk/RFO's Paper recommending a change in the manner in which the Council operates its Committees and Working Groups as a result of the number of vacancies held. The Council agreed the changes to the Committee structure and the manner in which the Council should operate, to take effect from March 2020 (Minute 8c refers). Consequently, as a temporary measure the three Committees (Policy and Resources, Planning and Recreational Facilities) did not meet until some meetings were resumed through video-conferencing from July 2020.

2.5 At its meeting on 5 August 2020, the Council noted that the Policy and Resources Committee had set up three sub-committees:

a) Appeals Sub-Committee – to consider an appeal against the Policy and Resources decision taken on a complaint over the processes of the Parish Council in handling data relating to a complaint. This Sub-Committee has since been disbanded.

b) Data Breach Sub-Committee – to consider evidence to determine whether there has been a data breach concerning the personal data of a living individual (see item 4.7 below). This Sub-Committee has since been disbanded.

c) Staffing Sub-Committee – to consider matters relating to a staffing issue.

2.6 Under the Council's Emergency Planning responsibilities, membership of the Emergency Plan Team Committee was agreed by the Council on 23 September 2020 (Minute 8a refers) and Terms of Reference were subsequently reviewed and published on the Council's website

2.7 Similarly, to further the Council's position on the Climate Change Emergency, at its meeting on 23 September 2020 the Council appointed a Climate Awareness and Environment Committee and membership was agreed. Terms of Reference were subsequently reviewed and published on the Council's website. The Council agreed and adopted a Climate Crisis and Environmental Policy at its meeting on 21 October 2020 (Minute 10a refers).

2.8 At its meeting on 3 February 2021 the Council reviewed and approved the Standing Orders and confirmed that they were fit for purpose (Minute 8a refers). The Standing Orders reflect the latest model standing orders and guidance issued by the National Association of Local Councils (NALC).

2.9 At its meeting on 3 February 2021 the Council also reviewed the Financial Regulations, agreed the amendments proposed and confirmed that they were fit for purpose. The Council accordingly approved the Financial Regulations (Minute 8b refers) which reflect the latest model Regulations and guidance issued by NALC.

2.10 The Council works under the umbrella of the Thurston Neighbourhood Development Plan (NDP) which sets the vision for Thurston until 2036. The local referendum took place on 12 September 2019 and the NDP was approved by voters. Details of the referendum and the NDP have been published on the Council's

website. On 24 October 2019, Mid Suffolk DC adopted the NDP, which now carries full weight in terms of the Joint Local Plan and a material consideration in all planning matters for Thurston.

2.11 The Council maintains a rolling 3-Year Business Plan which details the Council's overall vision and objectives, strategic planning/key projects, communication/engagement, a listing of specific actions with measurable outcomes and areas of active involvement. At its meeting on 3 July 2019 the Council considered and agreed the strategic 3-Year Business Plan for the period May 2019 to May 2022 (Minute 8c refers). The Clerk/RFO advised the Internal Auditor that the Business Plan is next due to be reviewed at the June 2021 meeting of the Council.

2.12 The Council continues to apply the General Power of Competence (GPOC) which was adopted at the meeting on 8 May 2019, the Council having been eligible to exercise this as at least 2/3rds of the total number of councillors were elected at the ordinary election on 2 May 2019 and because the Clerk holds the Certificate in Local Council Administration (CILCA). Having met the conditions, the Council noted that it was eligible to use the GPOC for the next four years (Minute 11b refers).

2.13 The Council's Minutes are very well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered. As a result of meetings being held through video-conferencing, the Council provided delegated authority to the Chair to sign the Minutes outside of the meeting.

2.14 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA027284 refers, expiring 12 November 2021).

2.15 In response to the requirements of the General Data Protection Regulations (GDPR) the Council maintains appropriate Data Protection policies and procedures including the Data Protection Policy, the Document and Electronic Data Retention Policy, General Privacy Notice and Privacy Statement, an Information Security Policy and Data Impact Assessments and Risk Assessments. Details regarding the lawful basis for processing data are published on the Council's website.

2.16 At its meeting on 3 February 2021 the Council received and considered the revised Freedom of Information Act Publication Scheme. The Council reviewed the Scheme as written and confirmed that the proposed changes were in order and should be added to the revised Scheme (Minute 8c refers).

2.17 The Council continues to regularly review the amounts held under the Community Infrastructure Levy (CIL) Reserve and considers allocation against projects as identified in the Parish Infrastructure and Investment Plan (PIIP). The Council continues to review the projects identified to ensure that costings are realistic and of benefit to the community.

2.18 In accordance with the Localism Act 2011 sections 26 to 37, the Council adopted the revised Suffolk Local Code of Conduct at a meeting held on 2 July 2014 (Minute 7a refers). During 2020 the Local Government Association consulted local councils on a new model Code of Conduct and the Clerk/RFO was asked on 5 August 2020 to respond on behalf of the Council.

2.19 The Council made appropriate preparations to ensure that the website accessibility regulations were being complied with no later than 23 September 2020. A Website Accessibility Statement has been published and confirms that the website had been tested on 2 September 2020 by the Clerk/RFO using a non-technical/basic test.

**3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).**

3.1 The RBS Rialtas accounting system was used in the year to produce the Council's Financial Reports and Statements. The financial system is well referenced and overall provides a good audit trail to the supporting documentation. The system has been used for the preparation of the 2020/21 End-of-Year accounts.

3.2 Payments made in 2020/21 were checked by the Councillor Internal Controller with supporting invoices/vouchers during the quarterly internal audits undertaken. The Councillor Internal Controller focused upon internet banking transactions during the most recent review undertaken in April 2021.

3.3 A sample of transactions, alongside their supporting invoices and vouchers, was examined by the Internal Auditor during this End of Year Audit and all was found to be in order.

3.4 VAT payments are tracked and identified within the End-of-Year Accounts. Re-claims for VAT paid have been regularly submitted to HMRC. Amounts received in the year from HMRC were as follows:

- a) £2,117.46 VAT paid during the 4<sup>th</sup> Quarter of 2019/20 (received at bank on 28 May 2020 and reported to Council on 3 June 2020).
- b) £4,151.12 VAT paid during the 1<sup>st</sup> Quarter of 2020/21 (received at bank on 30 July 2020 and reported to Council on 5 August 2020).
- c) £3,707.48 VAT paid during the 2<sup>nd</sup> Quarter of 2020/21 (received at bank on 8 October 2020 and reported to Committee on 4 November 2020).
- d) £5,870.81 VAT paid during the 3<sup>rd</sup> Quarter of 2020/21 (received at bank on 1 February 2021 and reported to Committee on 3 March 2021).
- e) £3,420.72 VAT paid in the period January and February 2021 (received at bank on 19 March 2021)

3.5 The reclaim for the remaining part of the 4<sup>th</sup> Quarter of 2020/21 is currently in preparation.

3.6 The End-of-Year Accounts and supporting documentation were extremely well presented for the Internal Audit review.

3.7 The CIL Annual Report for the year ended 31 March 2021 shows a balance of £63,296.65 brought forward at 1 April 2020, CIL income of £167,700.34 in 2020/21 with £48,050.03 spent in the year and £10,781 allocated but yet to be spent at the year end. The CIL amount retained as at 31 March 2021 is accordingly recorded as £172,165.96.

3.8 A Statement of Variances has been produced as at 31 March 2021 to support the submission of Section 2 – the Statement of Accounts – in the AGAR to the External Auditors and has been published on the Council's website.

**4. Internal Control and the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).**

4.1 The Council constructed specific risk assessments relating to the impact of Covid-19. At its meeting on 7 May 2020, the Policy and Resources Committee noted that the following Covid-19 Risk Assessments had been undertaken:

- a) Covid-19 Return to Work Office Risk Assessment
- b) Covid-19 General Risk Assessment
- c) Covid-19 Council Recovery / Reopening Assessment in terms of Health, Safety & Fire Check Assessment
- d) Covid-19 Track and Trace System for Visitors to the Parish Council Office.

4.2 At its meeting on 12 February 2021, the Policy and Resources Committee reviewed the Council's Financial Risk Assessment 2020-2021, the Risk Management Strategy 2020/21 and the effectiveness of Internal Control arrangements.

4.3 The Policy and Resources Committee also reviewed, at its meeting on 12 February 2021, the effectiveness of the Internal Audit carried out for the previous year and the proposed works for 2020/21. The scope of the review covered independence, competence, relationships and audit planning.

4.4 At its meeting on 3 March 2021 the Full Council noted that the year-end pre-audit Internal Control and Risk Management procedures had been carried out by the Policy and Resources Committee at its meeting on 12th February 2021. The Council had no questions to raise on the Committee's review (Minute 11f refers).

4.5 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

4.6 The Council demonstrates good financial practice by considering a Quarterly Internal Control Report, prepared by a designated Councillor and reported to Full

Council in order to regularly confirm that internal controls are effective and to consider any points arising. At its meeting on 7 October 2020 the Council received and accepted the Internal Control Review Report from the nominated Councillor for the period ending 25 September 2020 (Minute 11e refers). At the meeting on 3 February 2021 the Council received and accepted the Councillor's Internal Control Review for the period ending January 2021. Similarly, the Council receives regular reports from the Councillors nominated to undertake monthly inspections of the Play Area.

4.7 A significant risk management/security issue arose in the year and was addressed by the Council. The Data Breach Sub-Committee met on 6 August 2020 to consider any evidence to determine whether there has been a data breach concerning the personal data of a living individual. Following consideration of the matter, the Sub-Committee found no evidence of a valid information security incident having taken place. The Sub-Committee agreed that amendments should be considered to the Council's Social Media Policy and Electronic Communication Policy. It was further agreed that the Media Policy be amended to reflect official use of media as opposed to personal use. The meeting also agreed to the recommendation to Council that it considered the requirement for a more comprehensive Staff Handbook to be issued to all employees and that amendments should be made to the Council's Data Protection Impact Assessment with regards to Email Folders and Email Address book to cover the Clerk's Annual Leave and External Hard-Drive vis-à-vis the practice followed during Covid-19 restrictions (Minute 3 of the Sub-Committee meeting refers).

4.8 At its meeting on 15 May 2020 the Policy and Resources Committee reviewed the Council's Fidelity Guarantee in light of balances held and agreed that the Fidelity Guarantee should be increased to £250,000 (Minute 4g refers).

4.9 Insurance was in place for the year of account. At its meeting on 7 October 2020 the Council noted that the Clerk/RFO and the Internal Controller had undertaken a review of the Insurance Schedule alongside the Asset Register and that at renewal the insurance schedule adequately provided insurance to mitigate the risks associated with the Council's operations. The Council noted that the insurance cover is under a 3-year long-term agreement which expires on 30 September 2022. The Council approved the payment of the insurance renewal premium of £949.93 to CAS Business Services Ltd (Minute 11 refers).

4.10 The Council's Employer's Liability insurance cover and Public Liability cover each stand at £10m.

4.11 The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £250,000, which was marginally lower than required to meet 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 (As at 31 March 2021 the end of year balance was £206,358 and 50% of Precept to be received in April 2021 was £52,932, giving a total of £259,290 of expected insurance cover). The Councillor Internal Controller raised this issue during his review on 9 April 2021 and the

Clerk/RFO contacted the insurers on 13 April 2021 with the view of obtaining an appropriate increase in the level of cover.

## **5. Policies and Procedures in place**

5.1 The Council has a wide range of formal policies and procedures in place, in addition to those in compliance with the GDPR, to assist good governance and management, including the Freedom of Information Publication Scheme and Policy and Procedure for Handling Requests for Information, Equality and Diversity Policy, Health & Safety Policy, Reserves Policy, Grant Awarding Policy, CIL Grant Awarding Policy, Disciplinary Procedure, Dispensation Policy, Grievance Policy and Procedure, Sickness and Absence Policy, Training & Development Policy, Lone Worker Policy, Staff Appraisal Policy, Travel and Expenses Policy, and Protection of Children and Vulnerable Persons Policy.

5.2 The Policies and Procedures are available for public inspection on the Council's webpage <https://thurstonparishcouncil.uk/parish-council/policies-procedures-and-strategy/> together with information relating to the Business Plan, Community Engagement, GDPR and Openness of Local Government Bodies Regulations 2014.

5.3 The Policy and Resources Committee reviewed 25 key Policies and Procedures at its meeting on 28 February 2020 and found them all to be relevant and up to date. The Committee also noted the amendments made in line with changes in legislation to the Council's Model Publication Scheme. The Full Council noted the work undertaken by the Committee in this respect at the meeting on 4 March 2020.

5.4 The Council and the Policy and Resources Committee continued to undertake regular reviews of its Policies, Procedures and Protocols during 2020/21. At its meeting on 3 June 2020 the Council considered and adopted a Safeguarding and Vulnerable Person Policy and appointed a Councillor Safeguarding Officer (Minutes 8a and 8b refer). Similarly, on 2 December 2020 the Council reviewed and approved the CIL Grant Awarding Policy and the general Grant Awarding Policy.

## **6. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).**

Precept 2020/21: £105,162 (8 January 2020, Minute 13h).

Precept 2021/22: £105,864 (13 January 2021, Minute 11g).

6.1 Good budgetary procedures are in place. The Policy and Resources Committee considered a First Draft of the Budget for 2020/21 at its meeting on 1 November 2019 and agreed to put recommendations before the Council. The Full Council considered the Draft Budget at its meeting on 4 December 2019 (Minute 13h refers) and reviewed and finalised the Budget for 2020/21 at its meeting on 8 January 2020. The Council resolved to set a Precept of £105,162 to fund the budget of £118,175

with the balance coming from reserves and known grant sources (Minutes 13g and 13h refer).

6.2 The Council considered a Draft Budget for 2021/22 at its meeting on 2 December 2020 and reviewed and finalised the Budget for that year at its meeting on 13 January 2021. The Council resolved to set a Precept of £105,864 to fund the budget of £145,760

6.3 The Precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Council prepared detailed estimates of the annual budget and of receipts and payments.

6.4 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.5 The Council demonstrates good financial practice by regularly considering a comparative statement – the Budget to Actual Statement – for budgetary control purposes. Variances in the actual versus expenditure are noted and explanations provided for the variances in expenditure to actual and income to actual. The Budget to Actual monitoring report for the 1<sup>st</sup> Quarter ending 30 June 2020 was presented to the Council on 1 July 2020 and the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter to the meeting on 13 January 2021. Up to date Bank Reconciliations are similarly presented to Council for approval.

6.6 The Overall Reserves available to the Council at the year-end 31 March 2021 totalled £206,358.11 of which £16,742.00 is Earmarked and £182,947.26 is CIL Monies Restricted Reserves leaving £6,668.85 as a General Reserve.

6.7 The General Reserves remain significantly less than the generally accepted best Practice position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (in effect, the Precept less any loan repayments - the JPAG Proper Practices Guide, Item 5.32 refers). The Clerk/RFO confirmed that the Council is continuing to work towards maintaining sufficient general reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

## **7. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).**

7.1 Income controls were examined on a test-check basis. Income received and recorded in the Cashbook was cross referenced on a sample basis with the bank statements and found to be in order.

## **8. Petty Cash (*Associated books and established system in place*).**

8.1 No Petty Cash is held; an expenses system is in place.

8.2 A Lloyds Bank Business Credit Card is being used by the Clerk/RFO and transactions are routinely examined by the Councillor Internal Controller as part of the routine examination of internal controls.

**9. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).**

9.1 PAYE is operated in accordance with HMRC regulations. Regular payments have been made to HMRC and detailed pay slips are produced for the Council employees.

9.2 At its meeting on 6 May 2020 the Council agreed that the Clerk/RFO be paid an Allowance for Working from Home effective from 23 March 2020 of £4 per week for March 2020 and £6 per week from April 2020 as per HMRC Guidelines (Minute 10f refers).

9.3 Similarly, at the meeting on 3 June 2020 the Council agreed to fund the extra hours incurred by the Clerk/RFO during April and May 2020 and to pay for the hours incurred as opposed to providing time off in lieu (Minute 10f refers).

9.4 The Policy and Resources Committee approved at its meeting on 30 September 2020 the new pay scales for 2020/21, as agreed by the National Joint Council for Local Government Services (NJC), to be implemented from 1 April 2020 for all Council employees (Minute 5 refers)

9.5 The Administrative Assistant to the Clerk/RFO resigned her position during the year and left the Council on 4 September 2020.

9.6 At the meeting held on 4 November 2020 the Council considered and approved additional staff support in the Parish Council Office in the light of the additional workload arising from the development of the village. The Council agreed to approve the principle of the recruitment of a Deputy Clerk for a minimum of 15 hours per week with job descriptions and salary scale to be finalised by the Policy and Resources Committee with indicative pay-scale to be in the region of LC2 (18-20) (FTE £24,982-£25,991) dependent upon experience (Minute 10f refers). At its meeting on 13 January 2021 the Council approved the recommendation from the Chair and Vice-Chair of the Council, following interview stage, to employ Mrs A King as Deputy Clerk to the Parish Council.

9.7 The Clerk/RFO is enrolled into the Local Government Pension Scheme administered by Suffolk County Council. At its meeting on 5 June 2019 the Council noted that the Clerk/RFO has complied with the Council's duties as an employer and completed a re-declaration of compliance for the workplace pension scheme to the Pensions Regulator; the Chair confirmed that the completed declaration of compliance for the workplace pension operated by the Council had been approved by the Pensions Regulator (Minute 8e refers).

**10. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

10.1 At its meeting on 7 October 2020 the Council noted that the Clerk/RFO and the Councillor Internal Controller had completed a review of the Asset Register against the insurance schedule and confirmed that at renewal the insurance schedule adequately provides cover to mitigate the risks associated with the Council's operations (Minute 11f refers). It was noted by the Council that the Stay and Play Equipment at New Green Centre and Gym Trail Equipment on the New Green Open Space area had been added to the Asset Register and were included within the insurance totals.

10.2 The Register complies with the current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. Values are recorded at original purchase cost (where known) and a nominal value for community assets.

10.3 The Register displays a total value of £242,478 as at 31 March 2021 (compared to the value of £191,555 at the end of the previous year). The increase reflects the acquisition of Play Equipment items, (£24,994), Bus Shelters (£8,432), Litter Bins (£1,104), Furniture and Equipment for the Parish Council Office (£1,502), Youth Shelter (£6,329), CCTV and ANPR (£5,650), Benches (£2,405) and Dog Bag Dispensers (£507) all brought into the Register in the year of account.

10.4 Box 9 of Section 2 of the Annual Return correctly records the value of assets as at 31 March 2021.

**11. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).**

11.1 The Lloyds Treasurer's Account and the Lloyds Business Account bank statements as at 31 March 2021 reconciled with the End-of-Year Accounts.

11.2 The bank accounts were regularly reconciled to the Accounts during the year. Bank account balances (with a bank reconciliation) are presented to the Council as a matter of routine at each meeting under the Financial Matters agenda item.

11.3 The bank reconciliations are examined by a nominated Councillor Internal Controller. During the period of time when meetings were held by video-conferencing, the Council agreed that the bank balances and reconciliation would be verified by the Councillor Internal Controller at the earliest opportunity, when circumstances permit. In this respect, the Council noted on 5 August 2020 that the nominated Councillor Internal Controller had verified and signed off the Bank Reconciliation Audit Log for the months of April, May and June 2020. At the Council's meeting on 2 December 2020 the nominated Councillor confirmed that the Log had been verified to the end of October 2020. Similarly, on 3 February 2021 the nominated Councillor confirmed his verification of the November and December 2020

bank reconciliations. The Councillor Internal Controller has recently undertaken an examination as at 9 April 2021.

**12. Year End procedures (Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate).**

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

**13. Responsibilities as a Trustee (Regarding the Council's role and responsibilities under the Charity Acts; submission of returns to Charity Commission).**

13.1 The Council is a sole trustee of the Thurston Recreation Ground Trust Charity (Charity No: 304946). The Recreation Facilities Committee has been established to formally manage and operate the Recreation Ground and the Pavilion and to maintain the parking area and to oversee the recreational facilities within the parish.

13.2 The Council receives the Minutes of the meetings for the Recreational Facilities Committee. A schedule of the accounts is presented for the Council's consideration, including details of income received, accounts paid and accounts awaiting payment. The Clerk/RFO provides appropriate reports to both the Committee and Full Council on Recreation Ground matters.

13.3 The Clerk/RFO confirmed that the accounts for the year ended 31 March 2020 were approved by the Chair of the Recreational Facilities Committee and the Clerk/RFO under delegated authority/powers on 24 April 2020.

13.4 The Clerk/RFO reported upon the submission of the Annual Return 2020 accounts to the Committee on 27 January 2021.

13.5 The Charity Commission's Register of Charities confirm that the annual update for 31 March 2020 was received by the Commission on 25 January 2021. Formal Accounts are not required to be submitted to the Commission as the Charity is below the Annual Return £10,000 threshold.

**14. Internal Financial Controls, Payments Controls and Audit Procedures (Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).**

14.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides comprehensive financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

14.2 At its meeting on 30 September 2020 the Policy and Resources Committee agreed that online banking should be operated in accordance with the Council's Financial Regulations and with all necessary security protocols in place. The number of Councillor Authorised Signatories was increased to four (Minute 4a refers).

14.3 On 3 February 2021 the Council adopted the Thurston Internet Banking Policy 2021 document (Minute 8d refers) and resolved that the Council should move to online banking for regular payments effective from February 2021 with the Council's current bankers Lloyds. The Council agreed that online banking should be the default position for payments made by the Council (Minute 11i refers). The Clerk/RFO outlined to the Internal Auditor the procedure and controls currently in place for the making of on-line payments.

14.4 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework. The legislative basis on which payment is made is notated against the items of expenditure. In addition, it was confirmed that whilst cheque payments were made during 2020/21:

(a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

(b) invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.

(c) Cheque Book counterfoils are initialled by Cheque Signatories, all as a matter of routine in accordance to the requirements of the Council's Financial Regulations (Item 6, Instructions for the Making of Payments).

14.5 The Internal Audit report for the previous year (2019/20) was received and approved by the Council at its meeting on 6 May 2020 (Minute 10a refers). There were no matters of concern raised in the Report.

14.6 At its meeting on 3 March 2021 the Council confirmed the appointment of the Internal Auditor for year 2020/21 (Minute 11e refers) following the recommendation received from the Policy and Resources Committee in the light of a review by the Committee of the Terms of Reference and Audit Plan supplied.

**15. External Audit (*Recommendations put forward/comments made following the annual review*).**

15.1 The External Auditors' Report and Certificate for the year 2019/20 is dated 24 September 2020 and raised no issues of concern. The Auditors commented that the AGAR was approved by the Council on 6 May 2020 but the public rights period did not commence until 3 August 2020. Whilst recognising the difficulties arising as a result of coronavirus restrictions, the External Auditors asked the Council to consider the requirements of the Accounts and Audit Regulations 2015 when setting the date for the approval of the AGAR in relation to the public rights period in future years.

15.2 The External Auditors' Report and Certificate was received and accepted by the Council at its meeting on 4 November 2020 (Minute 10g refers). The Clerk/RFO explained to Council that, following Government guidance, she was working from home and not in a position to open the office to members of the public to allow them to exercise their public rights to examine the accounts. The dates chosen (3 August to 14 September 2020) were once the office had been reopened and were in full accordance with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which amended the requirements of the Accounts and Audit Regulations 2015, when setting the date for the approval of the AGAR in relation to the public rights period and allowed councils flexibility to set their dates as long as the period for public inspection began on or before 1 September 2020.

**16. Publication Requirements.**

16.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website (the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extended the statutory deadlines for the publication of the 2019/20 documents):

Notice of the period for the exercise of Public Rights  
AGAR - Sections 1 and 2.

16.2 The Internal Auditor was able to confirm that the documents relating to the year 2019/20 were readily accessible on the Council's website:  
<https://thurstonparishcouncil.uk/parish-council/finances/>

Following the completion of the External Audit:

Notice of Conclusion of Audit  
AGAR - Section 3  
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

16.3 Similarly, the Internal Auditor was able to confirm that the documents relating to the year 2019/20 were readily accessible on the Council's website:  
<https://thurstonparishcouncil.uk/parish-council/finances/>

**17. Additional Comments.**

17.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work. I would particularly like to commend the Clerk for the excellent presentation of the Council's documents for the audit.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**26 April 2021**