

BREDFIELD PARISH COUNCIL

RESPONSE TO THE INTERNAL AUDIT REPORT

YEAR ENDING 31ST MARCH 2023

This document shows the recommendations and comments contained in the Audit Report carried out by SALC. This is for discussion at the meeting although some of the items have already been implemented – see statements in bold.

Section 1 – Proper Bookkeeping

Comment: Council might want to consider best practice by ensuring that the cashbook contains evidence of the “authority to pay” in terms of powers being used to incur expenditure.

Section 2 – Financial Regulation & Standing Orders

Comment: at the next annual review of the Financial Regulations, Council might wish to 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) – **Financial Regulations to be updated at review in March 2023**

Section 3 – Payment Controls

Comment: whilst the minutes show payments made away from the meeting are also brought back to full Council, these should also be formally approved as retrospective payments at each relevant meeting – **noted and will be implemented in future minutes.**

Comment: in accordance with Council’s FRs, the RFO should implement a procedure whereby ensure evidence is retained showing which Councillors authorised the release of the payment made via online banking – **emails are retained confirming who authorises invoices however this will be noted on the Minutes going forward.**

Section 4 – Risk Management

Recommendation: Council should expand its register to make reference to payments made via online bank transfer – a link to the Internet Banking Policy and Council’s FRs would be appropriate – **Cllr Hepper has amended Risk Assessment Document and forwarded to Councillors.**

Recommendation: Council should monitor its level of Fidelity Guarantee noting that recommended guidance states that Fidelity Cover should be 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 – **this was updated when Insurance renewed in May 2023.**

Comment: Council has noted that it is the responsibility of the whole Council to satisfy itself that insurances are adequate and that having identified, assessed and recorded the risks, appropriate measures, such as the appropriate use of insurance cover, have been taken to mitigate and manage the risk – **this does happen but the wording will be used in future Minutes.**

Comment: In accordance with the Accounts and Audit Regulations 2015, Regulation 6, Council should be aware that it should formally review the effectiveness of its system of internal control to ensure that it has mitigation measures in place to address the risks associated with the management of public finances – **to be reviewed annually in March, Clerk to contact SALC for an appropriate document to be used.**

Recommendation: by reviewing the terms of reference and effectiveness for internal audit, the council would have followed guidance and demonstrated that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is

adequate - Regulation 5 of the Accounts and Audit Regulations 2015 refers. This is noted as an outstanding audit point from the year ending 31st March 2022

Section 5 Budgetary controls

Comment: to provide clarity on the budget being set and to demonstrate that Council has decided the form and level of detail of the budget to be set, evidence should be shown, via a minute reference, as to the budget being formally approved – **more detailed information to be included in the Minutes when budget approved.**

Comment: in accordance with guidance, Council might wish to demonstrate best practice by reflecting within the minutes the impact the precept being set will have upon a Band D property, as compared to the previous year – **Minute comment for future use**

Additional comments: Council has shown good practice by ensuring the recommended key stages as to the budgetary process are followed for the year and has ensured that progress against the budget is reviewed regularly throughout the year.

Section 11 – year end procedures

Recommendation: prior to submission to full Council, the AGAR should be revisited, and amendments made to Box 4 and Box 6 of the Accounting Statements. The Practitioners' Guide states that Box 4 should only comprise the following: • Gross Salary (nett + NI +Tax + Pension) • Taxable Expenses • Employers NI • Employers Pension Contributions It is noted that the figure of £3039 (rounded) under Box 4 includes the costs associated with the contract for payroll services. This should be included within Box 6 instead. Amendments to both Box 4 and Box 6 will be required – **this was actioned prior to submitting AGAR.**

Recommendation: as Council failed to make opportunity for the exercise of electors' rights during the Summer of 2022, in accordance with the requirements of the Accounts and Audit Regulations it is recommended to answer in the negative to Assertion 4 of the Annual Governance Statement – **actioned on AGAR**

Additional comments: Council should take steps to ensure that it complies with the publication requirements and timescales as detailed under the Accounts and Audit Regulations 2015 – **this has been complied with for 2023**

The following recommendations as raised in the internal audit report for the period ending 31st March 2022 are still outstanding:

Annual review of Internal Controls - ongoing
Review of the effectiveness of internal audit
Adoption of policies showing compliance with GDPR

Section 14 – additional information

Comment: under the Freedom of Information Act 2000, public authorities must provide access to information held which must be published proactively. The Freedom of Information Act requires every public authority to have a publication scheme and to publish information covered by the scheme. The Council's publication scheme could not be seen on the website and Council is advised to review the provision of the 2000 Act and ensure that it publishes the information as specified

Council has still to take steps to ensure compliancy with the GDPR requirements

Recommendation: Council should ensure that it reviews the data held by the Council and provides a comprehensive document that details the information held by the council, who it is shared with and how it is used.

Cllr Hepper has updated GDPR and Risk Assessment documents and these will be uploaded to website.