



## INTERNAL AUDIT REPORT FOR THE YEAR ENDING 31 MARCH 2024

### INTRODUCTION

This internal audit report is based upon the JPAG (Joint Panel on Accountability and Governance) Governance and Accountability for Smaller Authorities in England 2023 publication.

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps a council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

It is not the detailed inspection of all records and transactions of the Council in order to detect or prevent error or fraud. The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

The scope of the audit covers, as a minimum, the areas included in the Internal Audit Report contained in the Annual Governance & Accountability Return and the Transparency Code.

This report covers the activities of the Parish Council during the financial year 2023/24.

Selective testing was conducted, and the relevant policies, procedures and controls were reviewed. Inspection of digital documents, paper records and scrutiny of the parish council website were used to reference findings.

The matters raised in this report are only those which came to my attention during my internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

### FINDINGS

Observations	Recommended Action
<b>Accounting Records</b>	
<p>The Council uses a spreadsheet to record financial transactions. Expenditure and income have been accurately recorded and well maintained throughout the year. The sample of financial transactions checked was satisfactory. As the council holds funds in excess of £100,000, it must adopt an appropriate investment strategy.</p>	<p>Adopt an appropriate investment strategy.</p>

<b>Financial Regulations and Expenditure</b>	
The Council has complied with its Financial Regulations, and the banking arrangements are satisfactory. It was noted that the council's financial regulations were not reviewed in 2023-24, and it is recommended that this is done annually. The values in place for the acquisition of formal tenders are inconsistent between the standing orders and financial regulations.	Review financial regulations annually. Ensure the values for the acquisition of formal tenders are the same in the standing orders and financial regulations.
<b>Risk Management</b>	
The council has undertaken an appropriate review of risk in January 2024 and has an adequate level of insurance. The internal controls are satisfactory, with financial reports being regularly reviewed by the council.	No further recommendations
<b>Budgetary Controls (Precept Requirement)</b>	
The annual precept requirement resulted from an adequate budgetary process.	No further recommendations
<b>Budgetary Controls (Budget monitoring)</b>	
Progress against the budget was monitored and minuted regularly. The level of general reserves is satisfactory.	No further recommendations.
<b>Income Controls</b>	
Expected income was fully received and properly recorded.	No further recommendations.
<b>Petty Cash Controls</b>	
Petty cash is not operated by the Council.	No further recommendations.
<b>Payroll Controls</b>	
Salaries to employees were paid in accordance with Council approvals, with appropriate deductions applied.	No further recommendations.
<b>Asset Register</b>	
The council's material assets have been correctly recorded and the correct valuation basis has been applied. The additions and deletions have been correctly recorded.	Choose appropriate lower limit for inclusion on the asset register.
<b>Bank Reconciliations</b>	
Periodic and year-end reconciliations were carried out.	No further recommendations.

<b>Accounting Statements</b>	
The Accounting Statements prepared during the year were prepared on the correct accounting basis and were supported by an adequate audit trail.	No further recommendations
<b>Limited Assurance Review Exemption</b>	
The authority does not meet the exemption criteria.	No further recommendations.
<b>Information Published on the Website</b>	
The authority has a free to access website with much of the necessary information, however the public agendas do not include supporting papers.	Publish supporting papers with agendas.
<b>Period for the Exercise of Public Rights</b>	
The Council correctly provided for the exercise of public rights in 2022/23, as evidenced by a notice on the website and in the minutes from 29 <sup>th</sup> June 2023.	No further recommendations.
<b>AGAR Publication Requirements</b>	
The Council largely complied with the publication requirements for the 2022/23 AGAR, although the external auditor's report was not available on the website at the time of the internal audit and the notice of conclusion of audit was dated 31/10/23.	Ensure documents are uploaded by the dates specified on page 1 of the AGAR.
<b>Trust Funds (if applicable)</b>	
The Council does not operate as a trustee.	No further recommendations.

## TRANSPARENCY COMPLIANCE

<b>Review of Internal Audit</b>	
The Internal Audit had been reviewed the previous year and has made steps to address the issues raised.	No further recommendations.
<b>Review of External Audit</b>	
The External Audit had been reviewed but was not available on the website. The conclusion of audit report for 2022/23 had been published on the website late.	Ensure all AGAR documents are uploaded as above.
<b>Accounting Statements agreed and reconciled to the Annual Return</b>	
Section 2 of the Annual Return is complete and accurate and reconciles to the statement of accounts.	No further recommendations.

## TRANSPARENCY CODE REQUIREMENTS

While the Parish Council does not fall in to the criteria for Councils below the £25k threshold, it is good practise for Parish Councils above the threshold to comply.

<b>1) Expenditure over £100 is recorded on the Council website and with all information requirements</b>	
Details of expenditure for 2022/23 are available in the minutes.	It is good practice for expenditure over £100 to be uploaded annually as a separate document.
<b>2) Annual Return published on the website</b>	
Available on the website.	No further recommendations.
<b>3) Explanation of Significant Variances</b>	
Available on the website for 2022/23.	No further recommendations.
<b>4) Explanation of difference between Box 7 &amp; 8. if applicable</b>	
Not applicable	No further recommendations.
<b>5) Annual Governance Statement recorded</b>	
Available on website for 2022/23	No further recommendations.
<b>6) Internal Audit Report Published</b>	
Available on website for 2022/23.	No further recommendations.
<b>7) List of Councillors' Responsibilities</b>	
Available on website	No further recommendations.
<b>8) Details of Public Land and Building Assets</b>	
Asset register is available on the website.	No further recommendations.
<b>9) Minutes and Agenda</b>	
Available on website	Include supporting papers with agendas

## **FURTHER RECOMMENDATIONS**

### **Banking Arrangements**

It was noted that the council is holding all of its funds with Lloyds bank. Only £85,000 of this is protected by the Financial Services Compensation Scheme (FSCS) so it is recommended that the council considers moving some of its funds to another banking provider. Additionally, an investment strategy is required as the council holds funds in excess of £100,000.

### **Payment Authorisation**

From the information available, it appears that the council are approving the majority of its payments retrospectively. The council should approve the payment schedule before payments are made, as this gives councillors the opportunity to query payments or reject them before a payment is made.

### **Standing Orders**

The council reviewed and approved its standing orders on 17<sup>th</sup> October 2023, however it was noted that there are a number of occasions where the council needs to choose [x] or [y] as appropriate to the requirements of the council.

### **Employment**

The clerk is entitled to an annual appraisal, which may help identify future training needs and areas for potential growth in their role. The council should also consider and adopt an appropriate disciplinary and grievance policy.

### **Registers of Interest**

There is currently a link to the councillors' registers of interest on the district council website. However, it was noted that these are not up-to-date. It is recommended that the councillors' Register of Interest forms are resent to the district council for inclusion on their website.

### **Training**

I recommend that the Clerk, RFO and councillors should be encouraged to take up relevant training to increase their knowledge and understanding of the sector, and the Clerk and RFO should be encouraged to pursue the ILCA and FILCA qualifications (Introduction to Local Council Administration and Financial Introduction to Local Council Administration).

Additionally, it is recommended that the council obtains a copy of *Local Council Administration (13<sup>th</sup> edition)*. This is a comprehensive reference book which covers all aspects of a council's work and provides information on legal compliance and effective governance.

## CONCLUSION

The accounting arrangements, procedural controls, records and documentary evidence are considered to be satisfactory, and accurately represent the Council's financial position.

I recommend that the Council reviews its standing orders and financial regulations; ensures payments are approved by the council before being paid; adopts an appropriate investment strategy and reviews its banking arrangements. Additionally, I recommend that the required AGAR documents are uploaded to the website by the deadlines and that officers and councillors undertake relevant training. There is a strong recommendation in the 2024 Practitioner's Guide for councils to move to gov.uk websites and email addresses, and I recommend that the council considers this for the future.

I would like to thank the Clerk for her time and co-operation with this internal audit.

I hope that this report is of help to the Council. If you would like any further assistance or clarification, please do contact me.

A handwritten signature in black ink that reads "R Brown". The letters are cursive and connected, with a long horizontal stroke at the end.

Rachel Brown

Internal Auditor