

Annual Internal Auditor's report 2023/24 Gawcott with Lenborough Parish Council

Internal Auditor: Deborah O'Brien CiLCA PSLCC

To: The Councillors of Gawcott with Lenborough Parish Council

Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

In accordance with guidelines contained in the 2023 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31st March 2024. This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Gawcott with Lenborough Parish Council](#). A Zoom meeting was also held on 29th April 2024 to review this document with the Parish Clerk/RFO, Mrs Molloy.

Internal Audit report assertions

A. Appropriate accounting records have been properly kept throughout the financial year.

- Appropriate accounting records have been kept throughout the year (Scribe accounting system). These are up to date and well maintained.
- Council minutes for the year are complete and up to date and have been initialled & signed. They are being numbered and filed in accordance with [Local Government Act 1972 sched 12 paragraph 41 \(1\) \(2\)](#)

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

- The Council has now adopted Standing Orders and Financial Regulations which are based upon the current model NALC templates. A revised set of Financial Regulations are due to be issued in May 2024.
- A sample of 15% of payments was reviewed and found to be administered and processed correctly. Invoices are signed by 2 councillors upon payment and an audit trail was possible. Going forward, it should be more clearly minuted that 3 quotes were obtained (where possible) and reviewed by full council.

- Payments are made in accordance with Financial Regulations, and the Council has effective controls in place.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

- The Council reviewed and formally adopted a Financial and Management Risk Assessment at its August 2023 meeting.
- [The Accounts and Audit Regulations 2015](#) require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. This must be minuted annually.
- Standing Orders were adopted in July 2023 and will be reviewed regularly. Paragraph 17 (c) needs to be updated as the Public Contracts Amended Regulations 2022 (SI 2022/1390) increased the threshold from £25,000 to £30,000 incl VAT.
- Insurance coverage is generally adequate; however, the Fidelity Guarantee was only for £50,000, which does not cover the Council's cash balances sufficiently. This has been increased to £100,000 for 2024/25.
- Inspections of assets are conducted regularly, and repairs made accordingly. RoSPA inspection of play equipment has been made and this will repeat annually, and monthly visual inspections conducted by the Chairman. These should be documented and kept on file.
- Electronic documents are presently backed-up on USB devices. It is recommended that usage is made of either MS One-Drive or another cloud storage facility to protect the Council's data and records. An envelope containing passwords and access codes should be stored with the Chairman in case of emergencies.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

- The 2023/24 precept was discussed at the December 2022 meeting, and the January 2023 meeting minutes state: *"Councillors unanimously agreed to no increase in the precept given the economic pressures on residents"*. However, no formal review of the budget was minuted. **The budget must be considered and agreed at a meeting of the full council before setting the precept and recorded as such in the minutes. Please refer to Practitioners' Guide paragraph 5.24-5.27. The amount payable should also be recorded.**
- The 2024/25 draft budget was discussed at the November 2023 meeting, and then finalised and agreed at the December 2023 meeting. A precept of £25,000 for 2024/25 was agreed at the December 2023 meeting.
- Budget reports were not submitted to full council periodically through 2023/24 due to the Clerk being unable to locate a copy of the 2023/24

budget. Regular reviews were made of monthly payments and receipts. Going forward for 2024/25, budget reports must be reviewed quarterly at a minimum in accordance with paragraph 4 of Financial Regulations. It is recommended that the budget is published on the PC website.

- The Parish Council has earmarked reserves in the amount of £34,500 (Development of playing fields/pavilion £18,000; pavilion refurbishment £6,000; speed signs £4,500; play area maintenance £4,000; all-weather pitch £2,000). These were reviewed in March 2024. This leaves an operating balance of £20,727 which is adequate based upon current activities.
- It is recommended that a contingency budget for election expenses is set. This could be spread over 4 years to accrue the amount required. The Elections Team can give an estimate of the amount required.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

- The precept received (£20,000) agrees to the precept request for 2023/24 and matches central government records.
- VAT has been claimed and £6,562.82 (2021/22 £3,202.34 & 2022/23 £3,360.48) received using [VAT form 126 claims for organisations not registered for VAT](#) 2023/24 is still to be claimed.
- Interest received totalled £1,045.43.
- Other income included pitch fees, football & cricket club fees, solar electricity payback, and £1,500 in grants. Rents for cricket & football were reviewed in December and all-weather pitch hire is to be reviewed in 2024/25 together with a booking system.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

- Not applicable, petty cash not held.

G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

- The Clerk/RFO is the sole employee and has a contract based upon the model NALC template. The Local Government Services Pay agreement was implemented and minuted at the December 2023 meeting. Hours have been increased as of 1/4/24 to reflect the workload. This was minuted at the November 2023 meeting. However, a formal letter of any adjustment to hours, pay scales or contract should also be issued.
- The Council is now registered with HMRC as an employer, and Basic Tools PAYE software is used for payroll processing.
- Regular payments are made to HMRC in respect of PAYE. No amounts are outstanding per HMRC online statements.

- The Parish Council is now registered with the Pensions Regulator as required.

H. Asset and investment registers were complete and accurately and properly maintained.

- The historic asset register had not been maintained in accordance with Practitioners' Guide, nor were all assets included relating to the insurance schedule. The Clerk/RFO has now restated the 2022/23 valuations and added in 2023/24 acquisitions.
- Regular inspection of the assets is conducted.

I. Periodic bank account reconciliations were properly carried out during the year.

- Bank balances are reported at full council meetings every month.
- **I could only locate a minute in December 2023 reflecting that November's bank reconciliation and bank statement were reconciled and signed by the Chairman. These should also be reconciled to the budget and cashbook at least quarterly.** As the council uses Scribe accounting this can easily be facilitated and presented to full council for approval at every meeting where they should be signed, dated and minuted accordingly.
- It is recommended that a Councillor is appointed to oversee internal controls and to review bank reconciliations, who is not an authorising signatory.
- I was able to verify that the year-end bank reconciliation agrees to supporting bank statements.

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate, debtors and creditors were properly recorded.

- The council has prepared its accounts on receipts and payments basis.
- The Accounting Statements (AGAR) prepared by the RFO agree to the cashbook.
- Line 2 agrees to the value of the precept raised and received.
- Line 8 agrees to the year-end bank reconciliation and supporting bank statements.

K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt.

- This does not apply as the Council exceeds the £25,000 threshold.

L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

- [The Accounts and Audit Regulations 2015 - regulation 13](#) requires that all authorities publish on their website for at least 5 (five) years: the statement of accounts, any certificate of the auditor, and the annual governance statement. The Council meets this requirement. It is also recommended that you publish the Annual Internal Audit reports.
- The Council exceeds the £25,000 threshold and is therefore not subject to the Transparency Code for Smaller Authorities. However, best practice is to follow those guidelines in the interest of transparency to electors.
- A Model Publication Scheme has now been adopted.
- [The Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#) requires that public sector bodies must comply with the accessibility requirement. Regular testing of the website should be undertaken. The site was last tested in September 2020 (according to the Accessibility Statement). It is the council's legal responsibility to ensure that the website meets accessibility requirements.

M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (*during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?*)

- The Parish Council published the Notice for the Exercise of Public Rights on its website.
- The announcement date was after the approval of the Annual Governance and Accounting Statement and was prior to the commencement date.
- **The period was for 30 working days. However, it was described as Monday 31st July – Friday 11th September. The 11th of September was a Monday, which is the correct date due to the August Bank Holiday, but the wrong day stated.**
- The period did not include the first 10 working days in July due to a new Clerk taking the position as of 1 June 2023 with no preliminary AGAR work having been completed. An extension was requested and granted.
- Consequently, the Parish Council must answer 'No' to box 4 of the Annual Governance Statement for 2023/24, as indicated by the External Auditor in its report & certificate for 2022/23.

N. The authority has complied with the publication requirements for 2022/23 AGAR (*see AGAR page 1 Guidance Notes*)

- The Council published the Annual Governance Statement, Accounting Statements, External Auditor's report and Notice of Conclusion of Audit on its website.

0. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- Not applicable.

Other matters not covered above:

- [Data Protection Act 2018](#) - It is recommended that the Council conducts a data audit as indicated by the ICO at [parish-councils-data-audit-exercise.pdf \(ico.org.uk\)](#)
- Biodiversity Policy – government guidance is that Parish Councils must consider what they can do to conserve and enhance biodiversity. SLCC has issued a template and guidance at [Draft-model-biodiversity-policy-October-2023.pdf \(slcc.co.uk\)](#)

The Parish Clerk/RFO Mrs Molloy has undertaken a tremendous amount of work since taking office, bringing the Council into compliance with legislation and best practices. Councillors are also to be commended for adapting to these requirements.

If you have any questions regarding this report, please do not hesitate to contact me.

Deborah O'Brien **CILCA 29th April 2024**