

Annual Internal Auditor's report 2023/24 Holford Parish Council Parish Council

To: The Councillors of Holford 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, as outlined in the letter of engagement signed by the Council at its 29th January 2024 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Holford Parish Council](#).

Overall, the standard of management and governance processes is good, with some issues highlighted below for the attention of the Parish Council. I would like to thank the Parish Clerk/RFO, Karen Scott for her cooperation and assistance in facilitating this internal audit.

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 (Excel spreadsheet). These are up to date and well maintained.
- Council minutes for the year are complete and up to date and some have been initialled & signed. (e.g. Jan 2024 only page 1; March 2024 not initialled or signed) They are being numbered and filed in accordance with [Local Government Act 1972 sched 12 paragraph 41 \(1\) \(2\)](#) I would recommend including a line on the back page for the Chairman's signature and date. Initialling of the previous pages can be anywhere. I would also recommend taking a 'clean set of minutes without the Draft watermark to meetings. Parish

Council minutes become a legal document once they are physically initialled, signed and dated following approval at the ensuing meeting, and should not have 'Draft' written across them.

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 adopted Standing Orders and Financial Regulations which are based upon the current model NALC templates. These were last reviewed in May 2023. A revised set of Financial Regulations were issued by NALC in May 2024 and should be adopted as soon as practical.
- A sample of 15% of payments was reviewed and generally found to be administered and processed correctly according to Financial Regulations. An audit trail was possible. An invoice in the amount of £648 dated 20 Nov 2023 has not had the VAT amount of £108 recorded in the cashbook. Please ensure that this is corrected so that the VAT is reclaimed. An invoice for £34.99 was charged 29 Jan 2024, yet the supporting documentation indicates the charge should have been £27.99. Please verify.
- Payments are made in accordance with Financial Regulations, and the Council has effective controls in place.
- [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. No Internal Control policy exists. An Internal Control Policy should be agreed, adopted, and going forward Internal Controls should be reviewed and minuted, annually at a minimum.

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 May 2023 meeting.
- Standing Orders were reviewed in May 2023 and will be reviewed regularly. Paragraph 18 (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 adequate; however, it should be minuted that this is reviewed against the asset register and that levels of coverage have been reviewed at the time of renewal. The minutes for 2023/24 only reflect that the insurance was renewed. It is understood that this was reviewed at the May 2024 meeting for 2024/25.
- A review of land and assets was minuted in May 2023.

- Electronic documents are presently backed-up on a USB device and in the 'Cloud.'
- 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 budget was considered, and precept agreed at a full council meeting dated 20/1/2023. (minutes 015 & 016/23). This was correctly recorded as the amount payable, £7,550. The precept received match the public record of precepted amounts.
 - The 2024/25 budget was considered, and precept agreed at a full council meeting dated 29/1/2024. (minutes 022 & 023/24). This was recorded in the amount payable of £8,300.
 - Reserves: Practitioners' Guide (paragraph 5.34) recommends that a small council should hold close to 12 months' General Reserves. The year-end cash value of £10,291 included £4,854 for the purchase of a SIDs, leaving available operating reserves of £5,437. Please review and consider reserve levels when setting the 2025/26 budget. There are no formal ear-marked reserves.
 - Progress against the budget has been regularly monitored and reviewed at full council meetings, where it is minuted.
- E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**
- The precept received (£7,550) agrees to the precept request for 2023/24 and matches central government records.
 - **No VAT has been claimed/received during 2023/24 (£362 is eligible for refund). No VAT has been claimed before as far as is known. It is possible to claim back 4 years' worth of VAT – see VAT notice 749. There is a VAT 'hotline' which may be able to assist. [VAT form 126 claims for organisations not registered for VAT](#)**
 - No interest is earned. The Council should consider a savings account.
- F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.**
- Not applicable – no petty cash 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 November 2023 meeting. A formal letter of any adjustment to hours, pay scales or contract should be issued.

- The Council is 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. I have not viewed an online statement from HMRC relating to PAYE payments made, although I can see that regular payments have been made.
- A working from home allowance is paid and this has been correctly allocated to line 6 of the Accounting Statement.
- The Parish Council is registered with the Pensions Regulator as required.
- No member allowances are paid.

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

- The asset register is maintained by the Clerk and can be viewed on the website.
- The register is updated when new acquisitions are made, and insurance updated accordingly.

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

- Bank reconciliation and statement reviews are conducted at every monthly meeting.
- The year-end bank reconciliation matches the bank statements. There are no unrepresented payments.

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 accounts were prepared on a 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.
- Line 3 of the Accounting Statement year-ending 31/3/2023 does not show the receipts from 2022/23 in the amount of £4,854 from the Avon & Somerset Police Trust.
- The loan balance in line 10 reflects the principal balance on the PWLB year-end schedule.

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.

- The Council met the criteria.

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 Council is subject to the [Transparency Code for Smaller Authorities 2015](#) and as such has a requirement to publish (item in bold not available online): all items of expenditure above £100; end of year accounts; annual governance statement; internal audit report; **a list of councillor or member responsibilities**; details of public land and building assets; and minutes, agendas and meeting papers of formal meetings. Please ensure the councillor responsibilities are published.
- [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 2020 according to its accessibility statement. Various applications are available to assist with this such as [WAVE webaim](#).
- An Accessibility Statement must be reviewed annually at a minimum and updated where necessary.
- All documents dated after 23 September 2018 and created by the Council should be in an accessible format and where these are PDFs should be PDF/A created with header bookmarks within the document. Assistance with this can be found at [Creating Accessible Documents | AbilityNet](#).
- [Data Protection Act 2018](#) - The website contains a privacy policy and the ICO's model publication policy.

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 Council posted dates on the website of 3/7/23 – 11/8/23 and these were minuted at the 26 June 2023 meeting.

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

- The council complied with this requirement with the exception of the year-end bank reconciliation. Please ensure this is published. It is also recommended that the Internal Auditor's written report is published.

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

- Not applicable. The Council is not a Trustee.

Other matters not covered above:

- Councillors have PC specific e-mail addresses.
- 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 \(slcc.co.uk\)](https://www.slcc.co.uk/wp-content/uploads/2023/10/Draft-model-biodiversity-policy-October-2023.pdf)
- A tab heading (top LH) for the March 2024 minutes reads 'Casual Vacancies'. Please ensure the correct title heading are used when creating documents.
- When uploading meeting papers with the agenda, it is recommended that proprietary commercial quote information from bidding contractors is redacted. (GDPR)

This report and its recommendations are to help the Council and not to criticise it. This report should be submitted along with the Annual Internal Audit Report 2023/24 to the full council for review and consideration.

If you have any questions, please do not hesitate to ask,

Sincerely,

Deborah O'Brien CiLCA

19th June 2024