

WALTON ON THE WOLDS

PARISH COUNCIL

INTERNAL AUDIT 2023-2024

YEAR-END REPORT

17th May 2024

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Internal Audit Forum
THE VOICE FOR LOCAL COUNCIL AUDIT

The internal audit of Walton on the Wolds Parish Council has been carried out by undertaking the following tests as specified in the JPAG (Joint Panel on Accountability and Governance) guidelines 2023.

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied

AGAR certificate reference	Comments	Recommendation	BTC Response/action
<p>A. Appropriate accounting records have been properly kept throughout the year. AND Periodic bank account reconciliations were properly carried out during the year.</p>	<ul style="list-style-type: none"> ● Bank reconciliations should be prepared routinely, and be subject to independent scrutiny and sign-off by members ● Burial income is not correctly recorded within the accounts ● Payments of £793.50 are listed as miscellaneous. When the cost of defibrillators are taken into account, this represents 23% of all payments which the council is unable to reconcile 	<ol style="list-style-type: none"> 1. A member, other than the Chairman, should be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member should sign the reconciliations and the original bank statements (or similar document) as evidence of verification (FR 2.2). 2. It is recommended that bank reconciliations are carried out monthly. 3. It is recommended that council purchase software appropriate for parish council accounting. 	
<p>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.</p>	<ul style="list-style-type: none"> ● Review the procedures for receipt of invoices ● No payment list is available within the minutes ● There is no evidence that the council complied with Finance Regulation 4.8 (budget control), 5.2 (authorising payments), 5.3 (certifying payments), and 5.7 (regular payments) ● There is no evidence of a VAT return having been made during the 2023-24 financial year 	<ol style="list-style-type: none"> 4. A suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation and applied to all invoices. 5. Council should consider adopting the latest Finance Regulations, published by NALC on 8th May 2024 and ensure that those items in bold type remain in bold type as they indicate statutory requirements 	

		<p>and cannot be subject to change/removal.</p> <p>6. VAT should be recovered at least once during the financial year.</p>	
<p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<ul style="list-style-type: none"> • There is a risk assessment however it is not evidenced with the document which meeting it was approved at or when it will be reviewed • The council is not following its' own risk management under Internal Audit Assurance (2) 	<p>7. The risk assessment should be updated with the minute ref where approved and date of subsequent review</p> <p>8. The minutes should be referenced to ensure legal powers/duties are evidenced and recorded.</p>	
<p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<ul style="list-style-type: none"> • There is no evidence that the budget was considered before setting the precept • At a meeting held on 2/01/2024 a precept of £5,800 was approved however the precept request was £5,400 with no explanation • Ensure that current year budget reports are prepared and submitted to Committees periodically during the year with appropriate commentary on any 	<p>9. The RFO should review the budget performance at the financial year-end and provided explanations for any significant or unanticipated variances.</p>	

	significant variances and these reports should be made available online.		
E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	<ul style="list-style-type: none"> • Burial income records are inadequate and income cannot be verified against grave purchase/reopening/cremated remains • Legal obligations in respect of the burial group are not being met and the council is, therefore, subject to litigation for failing to keep adequate records • The burial fees are exceptionally low 	<p>10. Recommend that the council carry out a review of burial fees in relation to other local burial grounds.</p> <p>11. Recommended that the council become a member of ICCM and that the clerk undergoes appropriate training as the responsible officer for the burial ground.</p> <p>12. Recommended that the council use appropriate software, eg Epitaph to correctly record interment records.</p> <p>13. Recommended that the council carry out a review of the burial records.</p>	
F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	NA		

<p>G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</p>	<p>Any salary increases should be minuted and the employee should be provided with a letter documenting any changes to contract such as scale increments and adjustments to salary</p>	<p>14. Salaries should be paid on a set day of the month and not have to wait for a meeting to be approved. They are contractual arrangements.</p>	
<p>H. Asset and investment registers were complete and accurate and properly maintained.</p>	<ul style="list-style-type: none"> • The asset register is not complete and maintained • The asset register does not identify, for each asset the purchase cost and the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement. • Once recorded on the asset register, the value of assets must not change from year to year until disposal. Concepts of depreciation and impairment adjustments are not appropriate for local councils (Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2014, para. 3.69). 	<p>15. The asset register should be dated and the meeting reference recorded within the document.</p> <p>16. Additions and disposals records should allow tracking from the prior year to the current.</p>	
<p>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure),</p>	<ul style="list-style-type: none"> • Accounting statements were prepared on a receipts and payments basis • There is a figure of £793 in miscellaneous items which 	<p>17. Council is advised to consider appropriate purchasing accounting software</p> <p>18. All expenditure items should be logged against budget codes</p>	

<p>agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p>	<p>represents 23% of total expenditure (minus defibs) which cannot be accounted for.</p>		
<p>K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</p>	<p>The council was exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</p>	<p>19. This internal audit report should be sent, with the AGAR, to the external auditor in order that a limited assurance review be carried out in the 2024-24 year and for significant weaknesses to be addressed.</p>	
<p>L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation</p>	<p>I have reviewed the Council's website and not all required documentation is published in accordance with the relevant legislation.</p>	<p>20. Finance reports should be made available on the website. Council tax payers need to know where their precept is being spent. 21. Payments over £100 should be published on the website. 22. Associated meeting reports/documents should be published on the website (with the exception of confidential reports)</p>	
<p>M. The authority, during the previous year, correctly provided for the period for the exercise of</p>	<ul style="list-style-type: none"> The council did not provide for the period for the exercise of public rights 	<p>23. Council should approve the dates at the same time as approving the AGAR.</p>	

<p>public rights as required by the Accounts and Audit Regulations.</p>	<ul style="list-style-type: none"> • The council did not minute or approve the relevant dates at the same time as approving the AGAR. • The inspection period must be 30 working days inclusive and must include the first 10 working days of July. The council published dates between 10th July 2023 to 22nd August 2023 	<p>24. The inspection period must be 30 working days inclusive and must include the first 10 working days of July.</p>	
<p>N. The authority complied with the publication requirements for the prior year AGAR.</p>	<ul style="list-style-type: none"> • The authority does not comply with publication requirements • The AGAR is not displayed on the website for 2022-23 or for previous years. • AGAR Notice of conclusion for 22/23 is not available on the website 	<p>25. Council must publish a Notice of Conclusion of Audit before 30th September.</p> <p>26. There should be a minimum of 5 years' AGAR in full including any additional report provided by the internal auditor.</p>	
<p>O. Trust funds (including charitable) - the Council met its responsibilities as a trustee</p>	<ul style="list-style-type: none"> • There is a trust fund, Constable's Land, Charity Number 503286, with the sole trustee listed as a former councillor registered in 2021 • The council has failed to provide an annual report for the 2022-23 financial year which is now overdue by 107 days (as at 17/05/2024) 	<p>27. Council needs to verify whether the former councillor is a sole trustee or whether the Council as a corporate body is the sole trustee</p> <p>28. If the Council, as a corporate body, is the sole trustee then the appropriate information needs to be lodged with the Charity Commission</p>	

		29. The annual return for 2022-23 needs to be filed with immediate effect	
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ADDITIONAL COMMENTS:

1. It is recommended that the council provide .gov emails for staff and councillors (NALC briefing provided).
2. Where a council does not have the General Power of Competence any expenditure should be referenced in the minutes by the appropriate power/legislation (reference document provided).
3. All supporting documents for a meeting should be made available, online, to members of the public and provided to all councillors with the summons to the meeting.
4. Council should delay approval of the Finance Regulations pending consideration/adoption of the updated Model Financial Regulations published by the National Association of Local Councils on 8th May 2024.
5. This report should be reviewed by full council and actions to be taken minuted. It should be published online together the IA section of the AGAR.
6. The contract of employment stipulates 3 hours per week. Bearing in mind that the Clerk is managing a burial ground, with all the legal complexities this entails, this would appear to be inadequate.
7. The salary scale and contract need to be reviewed given the ongoing work that needs to take place to improve the position of the council with regards to procedure and process.
8. I recommend that the council consider asking the SLCC to carry out a job evaluation, particularly if the role of the Clerk develops into managing a Village Hall and other duties not currently defined.
9. No internal audit report, to support the IA report on the AGAR, was provided for the prior year by the prior years' internal auditor.
10. There is no evidence to confirm that the Council met its Finance Regulations by obtaining 3 quotations for speed indicator devices.
11. There is an updated (2024) version of the Good Councillor Guide, available on the NALC website to member councils, this document fully explains the role and responsibilities of both the Council as a corporate body and individual councillors.
12. There is reference in the minutes (2/01/2024/005) to changes being made to minutes but there is nothing to clarify what changes were made or whether the minutes were appropriately annotated.
13. The minutes of the meeting held 7/11/2023 contain no reference numbers.
14. Minutes pages should be consecutively numbered.
15. Given the number of issues raised by the internal audit, the Council may decide, on the grounds of transparency, to request a limited assurance review by the external auditor, Moore East Midlands.

Limited Assurance Review

Any smaller authority may request a limited assurance review. If so, the authority should not certify itself as exempt or complete the Certificate of Exemption. Instead it should complete Form 3 of the AGAR 2023/24 and return it to the external auditor together with the supporting documentation requested by the external auditor. The cost to the authority for the review will be **£210 +VAT**.

COMMENDATION:

Thanks to the Parish Clerk, Emma Andrews, for providing all the information required to carry out the internal audit in a timely and efficient manner.