

STADHAMPTON PARISH COUNCIL

INTERNAL AUDIT REPORT FOR THE YEAR ENDING 31 MARCH 2023

INTRODUCTION

This internal audit report is based upon the JPAG (Joint Panel on Accountability and Governance) Governance and Accountability for Smaller Authorities in England 2022 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.

An interim audit has not been undertaken and this report covers the activities of the Parish Council during the financial year 2022/23.

Selective testing was conducted, and the relevant policies, procedures and controls were reviewed. No face-to-face meetings were held with inspection of digital documents and inspection of the Parish Website 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
Accounting Records	
The Council uses Scribe 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.	No further recommendations.

Financial Regulations and Expenditure	
The Council has complied with its Financial Regulations, however there is not effective segregation between the setting up of online payments and physical release of payments, as it was noted that one bank signatory can create and authorise payments.	There should be a segregation between the Clerk setting up a BACS payment and a councillor authorising it.
Risk Management	
The council has undertaken an appropriate review of risk in April 2022 and has an adequate level of insurance. The internal controls are satisfactory, with financial reports being regularly reviewed by the council.	No further recommendations
Budgetary Controls (Precept Requirement)	
The annual precept requirement resulted from an adequate budgetary process, however only the Band D figure and not the total sum required was recorded in the minutes for 2022/23. It has been noted that this has been rectified for the 2023/24 precept requirement.	No further recommendations
Budgetary Controls (Budget monitoring)	
Progress against the budget was monitored and minuted regularly. The level of general reserves is lower than recommended for the size of council and should be maintained at three to twelve months of net revenue expenditure to cover unforeseen events and circumstances (see JPAG Practitioners' Guide 5.30 to 5.36).	Recommend publishing a quarterly budget monitoring report and maintaining the level of general reserves at 3-12 months of net expenditure.
Income Controls	
Expected income was fully received and properly recorded.	No further recommendations.
Petty Cash Controls	
Petty cash is not operated by the Council.	No further recommendations.
Payroll Controls	
Salaries to employees were paid in accordance with Council approvals, with appropriate deductions applied.	No further recommendations.
Asset Register	
The current asset register has correctly recorded all material assets and the correct valuation basis has been applied. There have been no additions or deletions in this financial year.	No further recommendations.

Bank Reconciliations	
Periodic and year-end reconciliations were carried out.	No further recommendations.
Accounting Statements	
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
Limited Assurance Review Exemption	
The authority does not meet the exemption criteria.	No further recommendations.
Information Published on the Website	
The authority has a free to access website with much of the necessary information, however there is no website accessibility statement and no privacy policy.	Publish website accessibility statement and privacy policy.
Period for the Exercise of Public Rights	
The Council correctly provided for the exercise of public rights in 2021/22, as evidenced by a notice on the website and in the minutes from 16/5/22.	No further recommendations.
AGAR Publication Requirements	
The Council complied with the publication requirements for the 2021/22 AGAR.	No further recommendations.
Trust Funds (if applicable)	
The Council does not operate as a trustee.	No further recommendations.

TRANSPARENCY COMPLIANCE

Review of Internal Audit	
The Internal Audit had been reviewed the previous year.	No further recommendations.
Review of External Audit	
The External Audit had been reviewed and the conclusion of audit report for 2021/22 had been published on the website.	No further recommendations.
Accounting Statements agreed and reconciled to the Annual Return	
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.

1) Expenditure over £100 is recorded on the Council website and with all information requirements	
Details of expenditure for 2021/22 are available on the website.	Upload details of expenditure over £100 for 2022/23 by 1 July.
2) Annual Return published on the website	
Available on the website.	No further recommendations.
3) Explanation of Significant Variances	
Available on the website for 2021/22.	No further recommendations.
4) Explanation of difference between Box 7 & 8. if applicable	
Not applicable	No further recommendations.
5) Annual Governance Statement recorded	
Available on website for 2021/22	No further recommendations.
6) Internal Audit Report Published	
Available on website for 2021/22.	No further recommendations.
7) List of Councillors' Responsibilities	
Available on website	No further recommendations.
8) Details of Public Land and Building Assets	
Land ownership details and map on website	No further recommendations.
9) Minutes and Agenda	
Available on website	No further recommendations.

FURTHER RECOMMENDATIONS

Data Protection

As the Council is likely to hold and manage data, for example, employee data, residents' email addresses and/or a copy of the electoral register, I recommend that

the parish council registers with the Information Commissioner's Office (ICO), which costs £40 per annum for a parish council or £35 as a direct debit.

Training

The Clerk should be congratulated on achieving her CiLCA (Certificate in Local Council Administration) qualification. While the Clerk has undertaken training, I also recommend that councillors should be encouraged to take up the training offered by the local County Association to increase their knowledge and understanding of the sector. I recommend including a regular agenda item for training and the formation of a training budget.

As part of the Clerk's continuing professional development, the Council may support the Clerk in attending SLCC conferences and other SLCC training.

Provision of Equipment

A council must supply the Clerk with the appropriate IT equipment (including a laptop computer) to execute the council's business properly. It is not acceptable for employees to use their own equipment.

This is particularly to mitigate the risk of another person needing to take over the role of Clerk in an emergency if the current Clerk were indisposed.

Policies

The council has a limited number of policies to ensure its compliance with legislation and guide its operations. It is recommended that a greater number of policies are considered and adopted by the council, such as:

- complaints procedures
- document retention
- equal opportunities
- media/press
- lone working
- data protection
- disciplinary and grievance
- health and safety
- general reserves and
- Freedom of Information (FOI) publication scheme.

These policies should be reviewed regularly and made available on the council's website. A comprehensive list of recommended policies for a small council and template documents are available from SLCC.

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 introduces segregation of BACS payments; publishes a monthly budget report; adopts a general reserves policy to ensure that general reserves are maintained at an adequate level; adopts and publishes a greater number of policies to support the council's operations, including a privacy policy and website accessibility statement; registers with the ICO; and obtains the necessary IT equipment for the Clerk. Additionally, I recommend that councillors undertake training offered by the County Association, and that a training budget is made available for this.

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 dark ink, appearing to read 'R Brown', with a stylized, flowing script.

Rachel Brown

Internal Auditor