

# Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Wymeswold Parish Council		
Name of Internal Auditor:	Stuart Bacon	Date of report:	25 April 2023
Year ending:	31 March 2023	Date audit carried out:	14 April 2023

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.*

*The proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide 2022. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed.*

***The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

## To the Chairman of the Council:

I have now completed my internal audit report, thanks to the help of your Clerk/RFO Clare Higgins and Vice-Chair Richard Higgins, who I would like to thank for their time and assistance as I carried out the audit. My remote audit and review took place on Friday 14 April 2023, with various online independent checks/tests taking place both before and after this date.

The following topics were reviewed against our standard checklist format:

### General Joint Panel on Accountability and Governance (JPAG) 2022: Sec 4.20

- A review of the Council's Minutes noted improvements made since the new Clerk took office.
- Items often didn't track between agenda and minutes, with listed items not covered. All items from the agenda should be included in Minutes, even if just to say 'no update'.
- It is legally required that the Election of Chairman is the first item on agenda for the Annual Meeting of the Council. It is noticeable this wasn't the case in 2022/23.
- While a date record was noted for the file upload to the website, no date for publication is displayed on the Council's agenda. Should anyone view the agenda on a parish notice board, they would be unable to determine when the agenda was published. It is recommended that the agenda include a publication date.
- The great item of concern was the way the Council continued to carry on their business with Councillors contributing to meetings via Zoom. Remote meetings aren't legal for Parish/Town Councils, as confirmed by the High Court (28/04/2021).  
While operating Remote meetings to allow parishioners and external speakers to contribute to the meeting is allowed, all Cllr's participating must be physically present in the room to do so. Any Cllr attending a meeting via Remote means, does so as a parishioner only and cannot contribute.
- It is recommended that after Minutes are approved the website is updated that they are no longer draft.

#### A. Accounting records and periodic bank reconciliation:

- It was noted the financial ledger was created using Excel spreadsheets, which appeared to be all in order.
- Each payment had an associated invoice (based on random sampling), with payments Minuted and authorised at relevant PC meetings against the appropriate payment schedule.
- Bank balance figures were only partly included in Minutes, with no closing balance figure listed. It is recommended that an anticipated closing balance figure is listed, based on known income/expenditure, with any unexpected transactions noted at the following meeting to clarify any difference between the anticipated closing balance and the actual opening balance of the following month.
- Evidence of appropriate VAT claims was noted as having taken place during the year.
- There was concern in the appointment of the Clerk not being listed as an agenda item, nor the 3-month review. Details of the review were confirmed within the Clerk's update. It is recommended that all staffing matters are covered under a separate heading on the agenda, and where necessary a closed session is introduced for discussions. Decisions of a closed session item should be Minuted in full.

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

- Standing Orders and Financial Regulations were noted as being tailored to the Council's needs, and had been updated in March 2023.
- There were procedures in place for tendering where appropriate and purchase orders were issued when relevant.
- There was evidence of internal control, and all payments were generally covered by an appropriate invoice and authorised and Minuted.
- The Council operates electronic banking with the Clerk loading all approved payments and two councillors then approving the bank transfer.

#### C. Risk Management

- Scanning the minutes there didn't appear to be any unusual activity, excluding concerns about Cllrs participating via Zoom (mentioned earlier).
- Insurance through Gallagher is reviewed annually (July) and appears to cover Public, Employee and Assets appropriately. Consideration should be given to adding cyber security to the existing policy.
- While it was noted regular inspections of play equipment were being carried out and Minuted, it was noted that the person carrying out the inspections hadn't undertaken official playground inspection training. It is recommended everyone undertaking any playground inspections complete a relevant playground inspection training course.

#### D. Precept and Budget

- The annual Budget was discussed in December 2022. See earlier concern about the December meeting being Chaired by a Councillor participating via Zoom. It was noted the Precept had been correctly approved in January 2023 and displayed accordingly.
- While regular checks on bank reconciliation were noted as having been carried out, it was noticeable that any checks of expenses against the budget weren't Minuted. It is recommended that the Council carry out checks on progress against the budget at least quarterly and that these are Minuted.
- Precept demand in accounts matched submission request to Charnwood BC.

#### E. Expected income fully received. Cemeteries/Allotments/Hall Hire/Leases/Other

- Income from Sports Pavilion was recorded but was a minimal amount as this was generally a donation basis.
- Income was received as expected.
- Registers of purchased grave and burials were being completed and kept appropriately. Electronic copies of records were also noted as being kept.
- Payments were made as expected.

#### F. Petty Cash

- This section was deemed not relevant to your Council as I was advised no Petty Cash existed.

#### G. Salaries to Employees

- The Clerk had a contract of employment and there was evidence of Salary, Tax etc in the accounts & approval at each meeting.
- Salary calculations are contracted out and then approved at each meeting.
- Vice-Chair confirmed salary is reviewed annually.
- The Parish Council is registered with the Pensions Regulator.

#### H. Asset/Investment register

- There was evidence of a reviewed & updated itemised / costed register of assets on the website, note as reminder this requires periodic updating and a new copy added to website.

#### I. Accounting Statements/Audit Trail

- The Council has effectively three accounts:
  - Savings account reconciled quarterly.
  - General account reconciled monthly.
  - Project account reconciled quarterly.

It was noted all funds had been transferred to the General account.

It is recommended that Council consider maximising their interest return on held funds, by holding the majority of funds in a Savings account (possibly with another provider on a higher interest rate) and make monthly transfers to the General account to cover known expenses and to keep an appropriate reserve to prevent the account going overdrawn,

- There were no unexplained concerns noted.
- Debtors & creditors recorded where necessary and there was evidence of a financial trail through records.
- On the sample payments taken there was evidence of control with all being approved in Council, Minuted and paid accordingly.
- The year end accounts had been prepared, bank statements and ledgers reconciled, these will be signed off at May 2023 Parish Council meeting.
- This year's sections 1 & 2 of the Annual Return had been drafted ready for signing at the same meeting as above.

#### J. Audit Trail – Transaction Spot Check

- Multiple spot checks were successfully carried out, with details of invoices matching those held in the account's spreadsheet.

#### K. Exempt Authorities

- This section was deemed not relevant to your Council as you had not certified exempt during the previous financial year.

#### L. Transparency Code (mandatory for councils under £25k turnover)

- The following were displayed/published as required.
  - All items of expenditure over £100 (excluding salaries).
  - End-of-year accounts / Accounting Statement.
  - Annual Governance Statement.
  - Internal / External Audit reports.
  - Asset Register.
- There is an updated list of specific Councillor Responsibilities, within the Councillor section of the website. This was anticipated to be updated following the Annual Meeting of the Council in May.
- Agendas and meeting papers are published as required and draft minutes were generally issued within one month.
- The Parish Council website is regularly updated and simple to navigate.

M. Exercise of Public Rights for the prior year

- It was noted “The Notice of Public Rights” was published correctly and gave more than the required 30-working-days to view the accounts.
- Consideration should be given to how the Council manages the 30-working-days requirement going forward, with consideration for the Clerk’s contracted hours and alternative arrangements for viewing should a request be received out of the Clerk’s standard working arrangement.

N. AGAR Publication requirements for prior year

- Details of the 2021/22 AGAR were found to be published correctly.

O. Trust Funds – where Council is Trustee (if applicable)

- This section was deemed not relevant to your Council as I was advised no Trust funds were held.

P. Miscellaneous/Good Practice/Legislation

- While there was evidence that the previous internal & external audit reports had been reviewed, not all listed points/recommendations/actions were included within the minutes.
- Clerk confirmed electronic files are backed-up regularly.
- Members interests were noted on the Charnwood BC website.
- Minutes were initialled by page and signed by the chair at each meeting.
- Vice-Chair confirmed the previous Council-held committee, for Biodiversity etc. had now disbanded. Copies of the committee terms of reference were in place.

Q. Cemeteries

- Formal Cemetery Regulation and Fees documents were noted as being in place and had been reviewed during the year in December.
- A register of burials and purchased graves / plots was available to view, noted a very old document. Electronic records were also held, including a cemetery burial plan and were up-to-date.
- Burial certificates were issued by the council however, green slips were generally managed by the undertaker.
- It was noted that checks on the coffin/casket matching the details on the paperwork weren’t being undertaken by the Council before burial. Consideration should be given to someone from the Council attending the start of every burial to check details match.
- Business rates exemption correctly applied for.

Finally, I would like to conclude by thanking your Clerk, Clare Higgins and the Vice-Chair Richard Higgins for their support and openness during the meeting, and for the assistance with forwarding all the necessary information requested prior to the audit.

Keep up the good work Clare and all at Wymeswold Parish Council.

**Have comments from the internal audit 2021-2022 been addressed?**

<b>Recommendation 2021-2022</b>	<b>Comment</b>
Include payment schedule with meeting minutes for each meeting	Minutes included payments schedule for each meeting following recommendation.
Include bank account balances on agenda on a regular basis	Only opening balance included in Minutes, no closing balance. ‘Bank reconciliation and position’ listed as regular agenda item.
Ensure risk reviews are carried out annually	Risk assessment is very broad, and doesn’t include individual risks, such as trips/falls, broken slabs, etc. Consider elaborating.
Minutes monthly risk assessment	Item listed in each set of minutes.
A regular risk assessment is carried out for the sports pavilion and recorded	Not expressly listed as agenda item, but noted within general risk assessment.
Asset register needs updating	Asset register reviewed and updated

Council to consider whether the Project account is necessary due to low usage	Council consolidated all funds in General account. Council recommended to consider maximising their interest return on held funds, by holding the majority of funds in a Savings account (possibly with another provider on a higher interest rate) and making monthly transfers to the General account to cover known expenses and to keep an appropriate reserve to prevent the account going overdrawn
Accounts updates to be presented to Council at least quarterly and Minuted accordingly	Bank recs were carried out at each meeting and Minuted. No evidence of checks of accounts against the budget. Checks are to be carried out at least quarterly and minuted.
List of Councillor responsibilities should be added to website	List of Councillor responsibilities available via Parish Councillor page on the website.
Copy of Internal Audit to be displayed on website	2021/22 internal audit displayed on website.
Ensure 'The Notice of Public Rights' is Minuted and issued on the website as required	2021/22 'The Notice of Public Rights' displayed on website.
Equal Opportunities & Diversity Policy & Complaints Procedures to be written up and placed on website	Policies created and adopted by Council and displayed on website.
Review and compose a Cemetery Regulations document at earliest opportunity	Cemetery Regulations document displayed on website.
A cemetery price list needs to be reviewed annually and displayed on website	The Cemetery Fees list is displayed on website. Consider specifying Parishioner and Non-Parishioner rates.
A variance report is suggested for 2021/22 to explain in brief why some of the figures have significantly increased from the previous year	2021/22 variance report displayed on website.
It was strongly suggested that when the IA is reviewed the minutes reflect what specific action will be taken (or not) against Auditor recommendations.	Not all IA items specifically covered in agenda, with Minutes also not indicating all specific actions taken (or not).

**Areas in the 2022-2023 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked**

	Reason
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## Recommendations for action 2022-2023

Areas for consideration or improvement	Recommendation
Items often didn't track between agenda and minutes, with listed items not covered.	All items from the agenda should be included in Minutes, even if just to say 'no update'.
It is legally required that the Election of Chairman is the first item on agenda for the Annual Meeting of the Council.	Ensure Election of Chairman is the first item on agenda at the Annual Meeting of the Council in May 2023.
no date for publication is displayed on the Council's agenda	It is recommended that the agenda include a publication date.
Council holding meetings and contributing via Zoom.	All Cllrs participating must be physically present in the room to do so. Any Cllr attending a meeting via Remote means does so as a parishioner only and cannot contribute.
All minutes on the website are shown as 'draft'.	Once approved, 'draft' should be removed from minutes.
Bank balance figures were only partly included in Minutes, with no closing balance figure listed.	It is recommended that an anticipated closing balance figure is listed, based on known income/expenditure, with any unexpected transactions noted at the following meeting to clarify any difference between the anticipated closing balance and the actual opening balance of the following month.
There was concern in the appointment of the Clerk not being listed as an agenda item, nor the 3-month review. Details of the review were confirmed within the Clerk's update.	It is recommended that all staffing matters are covered under a separate heading on the agenda, and where necessary a closed session is introduced for discussions. Decisions of a closed session item should be Minuted in full.
Council insurance policy	Consideration should be given to adding cyber security to the existing policy.
Play inspections being carried out by individuals without official playground inspection training.	It is recommended everyone undertaking any playground inspections complete a relevant playground inspection training course.
Checks of expense against budget headings weren't minuted.	It is recommended that the Council carry out checks on progress against the budget at least quarterly and that these are minuted.
All bank funds held in General account.	It is recommended that Council consider maximising their interest return on held funds, by holding the majority of funds in a Savings account (possibly with another provider on a higher interest rate) and make monthly transfers to the General account to cover known expenses and to keep an appropriate reserve to prevent the account going overdrawn,
Consideration should be given to how the Council manages the 30-working-days requirement in the Exercise of Public Rights going forward	Consideration should be given to the Clerk's contracted hours and alternative arrangements for viewing should a request be received out of the Clerk's standard working arrangements.
Reviewing internal/external audit reports.	Ensure all listed points/recommendations/actions are included within the minutes
Checks not taking place at burial of name plate on coffin/ashes casket.	Consideration should be given to someone from the Council attending the start of every burial to check details match.

Yours sincerely,



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The figures submitted in the Annual Governance and Accountability Return are:

	<b>Year ending 31 March 2022</b>	<b>Year ending 31 March 2023</b>
1. Balances brought forward	8,687	9,914
2. Annual precept	38,827	43,098
3. Total other receipts	44,585	15,708
4. Staff costs	12,106	9,919
5. Loan interest/capital repayments	0	0
6. Total other payments	70,079	42,313
7. Balances carried forward	9,914	16,488
8. Total cash and investments	9,914	16,488
9. Total fixed assets and long-term assets	233,381	240,318
10. Total borrowings	0	0