

INTERNAL AUDIT REPORT FOR STALMINE WITH STAYNALL PARISH COUNCIL

FINANCIAL YEAR: 2023/24

AGAR certificate reference	Internal audit action for expected controls	Findings	Recommendation
<p>A - Appropriate accounting records have been kept throughout the year.</p> <p>I - Periodic bank reconciliations were properly carried out during the year.</p>	<p>Ensure the correct roll forward of the prior year cashbook balances to the new financial year.</p> <p>Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.</p> <p>Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.</p> <p>Verify the accuracy of the year-end bank reconciliation detail and ensure accurate</p>	<p>The correct figure has been used (£50,685.89)</p> <p>There is a clear audit trail for most transactions but there are a small number of discrepancies. There is no supporting paperwork for VAT reclaims in the receipts file but the amounts are minuted and shown in the bank statement.</p> <p>The November and December direct debit payments to Easy Websites differ from the schedule of payments provided by the company. The schedule calls for a payment of £39.60 but the actual payment (recorded in the minutes and paid) is for £36.00. There is no explanation in the payments file or in the minutes.</p> <p>A monthly bank reconciliation is carried out and it is balanced against bank statements. These are approved by members. Where a meeting is not held, the bank reconciliations are submitted to the next meeting and this is shown in the minutes.</p> <p>The figures in the year-end bank reconciliation and those in Box 8 are accurate.</p>	<p>Ensure that all receipts are supported by a remittance advice or other supporting document.</p> <p>Ensure that, for all payments, there is a clear audit trail from invoice to agenda and approval recorded in the minutes, to the cheque or bank transfer, bank statement and cash book.</p>

	<p>disclosure of the combined cash and bank balances in the AGAR, Section 2, Box 8.</p> <p>Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.</p>	<p>Bank balances are below £100,000.</p>	
<p>B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</p>	<p>Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the <u>SOs</u> and <u>FRs</u> which should be based on the latest version.</p> <p>Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents).</p> <p>Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.</p> <p>Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.</p>	<p>Procedures are specified in Standing Orders and Financial Regulations which are based on the latest NALC model documents.</p> <p>The figures are consistent.</p> <p>The Clerk is responsible for checking that the invoice specifies accurately the goods/services ordered and that the goods/services have been satisfactorily delivered before submitting the invoices for approval by members by listing them on the agenda. Two authorised signatories also initial each invoice after checking that the invoice and the cheque or transfer amount tallies.</p> <p>Cheques were signed by two authorised signatories. With the move to online banking there is a form (containing all payments to be made) for the person setting up the payment and separate forms for those authorising the payments. The payments should be checked for accuracy and the forms signed by each party but the “authorising person” forms are not</p>	<p>Ensure that all the required forms are completed fully and provided in the file.</p>

	<p>Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements.</p> <p>Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place.</p>	<p>routinely ticked to show agreement and there are gaps in the file where some authorising forms are not provided.</p> <p>A claim for 2022/23 was received in June 2023 and further quarterly reclaims have been submitted and paid subsequently (see earlier point about documentation).</p> <p>There are no debit or credit cards in use.</p>	<p>NALC Model Financial Regulations adopted by the Council contain the following provision at 6.20. Any corporate credit card or trade account opened by the council will be restricted to use by the Clerk and RFO and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances. Given the number of reimbursement claims made by the Clerk the Council should consider obtaining such a card and setting up business accounts where a company is used regularly such as Amazon.</p>
<p>C. The authority assessed the significant risks to achieving its</p>	<p>Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and</p>	<p>A risk management plan and risk register were approved at the 12 March 2024 meeting (min 142 refers).</p>	

<p>objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>comprehensive register of assessed risks, both regular and ad hoc.</p> <p>Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.</p> <p>Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation.</p> <p>Review the effectiveness of internal control carried out by the authority.</p>	<p>The insurance policy provides the appropriate cover.</p> <p>Wyre Council carries out regular inspections on behalf of the parish council and rectify any deficiencies found. The parish council is billed for the inspections and any work carried out. There is an independent annual inspection commissioned by Wyre. The inspection reports are provided to the parish council.</p> <p>The council has all the required internal controls and the minutes record the adoption of a review of the effectiveness of the system of internal audit (12 September 2023 minute 77 refers).</p>	
<p>D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.</p>	<p>Ensure that the full Authority, not a Committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable.</p> <p>Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year</p>	<p>The parish council considered, approved, and adopted the annual precept for the financial year 2023/24 at the 10 January 2023 meeting (minute 94(e) refers) and the same for the 2024/25 financial year at the 9 January 2024 meeting (minute 109 refers). Both were in accordance with Wyre Council's timetable.</p> <p>Quarterly budget monitoring reports were presented to the council and approval minuted. The reports contain a line showing the Under/Over Budget figure there is no</p>	<p>Ensure that the budget and precept decision minutes are clearly headed. Minute 109 is headed Projects for 2024/25 rather than Budget and Precept for 2024/25.</p> <p>Ensure any significant variances are shown and explained and that the minutes reflect that the</p>

	<p>with appropriate commentary on any significant variances.</p> <p>Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.</p> <p>Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process.</p> <p>Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts.</p>	<p>commentary on variances, significant or otherwise.</p> <p>See above.</p> <p>The parish council has a number of earmarked reserves. These are reviewed as part of the budget process.</p> <p>The amounts match.</p>	<p>explanations have been accepted.</p>
<p>E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</p>	<p>Review "Aged debtor" listings to ensure appropriate follow up action is in place.</p> <p>Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.</p> <p>Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: Authorities should also acquire and retain copies of Burial/Cremation certificates.</p>	<p>There are no "aged debtors".</p> <p>There are no allotments.</p> <p>There are no burials.</p>	

	<p>Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross- referenced to invoices raised.</p> <p>Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.</p> <p>Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.</p> <p>Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked.</p>	<p>There is no Hall.</p> <p>There are no leases.</p> <p>There are no variable income streams. The only receipts, other than the precept, are VAT reclaims and grants.</p> <p>There are no amounts receivable on set dates.</p>	
<p>F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</p>	<p>A number of Authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.</p> <p>Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc).</p>	<p>The Parish Council does not operate on a petty cash basis.</p>	

	<p>Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held. Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.</p> <p>Ensure that VAT is identified wherever incurred and appropriate.</p> <p>Physically check the petty cash and other cash floats held.</p> <p>Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till “Z” total readings.</p>		
<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>Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.</p> <p>Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability payment.</p> <p>Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.</p>	<p>There are formal employment contracts for all staff but it is unclear whether confirmatory letters setting out any changes to the contract are provided.</p> <p>There are no members’ allowances.</p> <p>Payroll is carried out by professional accountants. The payroll provider is notified, following approval by Council, when any change to pay rates or hours of work are made and the appropriate salary adjustment is made.</p>	<p>Ensure all changes to the contract of employment are put in writing to the staff members and signed by either the Clerk or the chair.</p>

	<p>Ensure that appropriate tax codes are being applied to each employee.</p> <p>Where free or paid for software is used, ensure that it is up to date.</p> <p>For the test sample of employees, ensure that tax is calculated appropriately.</p> <p>Check the correct treatment of Pension contributions.</p> <p>For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers' allowance is not available to councils but may be used by other authorities.</p> <p>Ensure that the correct employers' pension percentage contribution is being applied.</p> <p>Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.</p>	<p>Tax codes are received directly by the payroll provider and the correct tax code is applied.</p> <p>The payroll provider's software is updated on a regular basis.</p> <p>The payroll provider applies the tax code to ensure that tax is calculated appropriately.</p> <p>There are no pension contributions.</p> <p>The payroll provider ensures that the correct deduction and employer's contributions are applied.</p> <p>There are no pension contributions.</p> <p>The payroll provider ensures that the correct net pay is paid and identifies the amounts due to HMRC and the payments are made after approval by Council. There is a clear audit trail from decisions of the Council, their application by the payroll provider and payment approvals for staff and HMRC.</p>	
<p>H. Asset and investment registers were complete and accurate and properly maintained.</p>	<p>Tangible Fixed Assets Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of/no longer serviceable assets. Physically verifying the existence</p>	<p>There is a schedule of assets showing all assets up to 31.3.24 and approved by the Council at its meeting on 12 March 2024 (min 142 refers). The spreadsheet has a tab for current assets and a tab for assets disposed of and the minute records that a full survey of</p>	<p>Consider changing the format of the asset register so that additions and disposals can be more easily tracked.</p>

<p>This section / assurance should be extended to include loans to or by the authority.</p>	<p>and condition of high value, high risk assets may be appropriate.</p> <p>Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.</p> <p>Additions and disposals records should allow tracking from the prior year to the current.</p> <p>Ensure that the asset value to be reported in the AGAR at Section 2, Line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals.</p> <p>Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.</p> <p>Fixed asset investments Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at Section 2, Line 9.</p>	<p>assets has been conducted. There are no high value or high risk assets.</p> <p>The register identifies the original cost, current value and replacement/insured values.</p> <p>Additions and disposals are recorded for each financial year.</p> <p>The reported asset value (Box 9) at 31.3.23 is £86351 but this did not tally with the value shown in the schedule of assets for the financial year ended 31.3.23 (£91,964). The value for the financial year ended 31.3.24 in Box 9 is £94,479 and this tallies with the current value total in the asset register.</p> <p>There is sufficient cover for all the assets as shown.</p> <p>There are no long term investments.</p>	<p>The Council uses current value rather than original cost to value its assets. The Council should adopt a policy on how it will value its assets. Either original value or current value is acceptable but the policy will ensure the same basis is used consistently.</p> <p>See point above re changing format.</p>
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	<p>Borrowing and Lending Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired.</p> <p>Ensure that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt.</p> <p>Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Line 5.</p> <p>Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at Section 2, Line 10 (value should be verified via the DMO website).</p> <p>Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.</p>	<p>There are no loans.</p> <p>See above.</p> <p>See above.</p> <p>See above.</p> <p>No loans are made.</p>	
<p>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and</p>	<p>Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at Section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year.</p>	<p>The correct accounting basis (receipts and payments) was used and the financial detail reported at Section 2 of the AGAR reflects the accounting records.</p>	

<p>expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p>	<p>Consequently, IAs should ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein.</p> <p>Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.</p>	<p>Annual turnover does not exceed £200,000.</p> <p>Appropriate arrangements are in place.</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>IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000), the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline, that it has been published, together with all required information on the Authority's website and noticeboard.</p>	<p>The parish council did not certify itself as exempt.</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>IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.</p>	<p>The authority has an appropriate website which contains all the information required by legislation. Councillors also have parish council email addresses but two councillors who are also members of a neighbouring town council are using that council's email addresses rather than the parish council email addresses.</p>	<p>Consider moving to a "gov.uk" domain to demonstrate the council's official local government status.</p> <p>Ensure all councillors use the official parish council email address.</p>
<p>M. The authority, during the previous year, correctly provided for the period for the</p>	<p>IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's</p>	<p>The deadline of "on or before 1 September" was met with the 30 day period beginning on 5 June and ending on 14 July 2023. However the wrong form was used. The Council displayed a copy of the form sent to the external auditors</p>	<p>Ensure the correct form is used in future.</p>

<p>exercise of public rights as required by the Accounts and Audit Regulations.</p>	<p>records are available for public inspection.</p> <p>IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR.</p>	<p>rather than the one intended to notify the public. The form used does not state that the accounting statements are as yet unaudited.</p> <p>The relevant dates were not minuted.</p>	<p>Minute the relevant dates when approving the AGAR.</p>
<p>N. The authority complied with the publication requirements for the prior year AGAR.</p>	<p>IAs should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.</p>	<p>The parish council published all the required documents (but see note above re using the correct form).</p>	
<p>O. Trust funds (including charitable) - the Council met its responsibilities as a trustee.</p>	<p>Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements, that the council is the sole trustee on the Charity Commission register, that the council is acting in accordance with the Trust deed, that the Charity meetings and accounts are recorded separately from those of the council.</p> <p>Review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report.</p>	<p>The Parish Council is not a trustee.</p>	

Jan Finch
Internal Auditor

12 April 2024