

AUDLEM PARISH COUNCIL

INTERNAL AUDIT 2023-2024

YEAR-END REPORT

9<sup>th</sup> May 2024

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**Internal Audit Forum**  
THE VOICE FOR LOCAL COUNCIL AUDIT

The internal audit of Audlem 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

<b>AGAR certificate reference</b>	<b>Comments</b>	<b>Recommendation</b>	<b>BTC Response/action</b>
<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"> <li>Bank reconciliations should be prepared routinely, and be subject to independent scrutiny and sign-off by members</li> </ul>	<ol style="list-style-type: none"> <li>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).</li> </ol>	
<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"> <li>Review the procedures for receipt of invoices</li> </ul>	<ol style="list-style-type: none"> <li>A suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation and applied to all invoices.</li> </ol>	
<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"> <li>There is no up to date risk assessment. The last risk assessment, published on the website is dated 2020.</li> <li>Appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, business interruption and cyber security.</li> </ul>	<ol style="list-style-type: none"> <li>An up to date risk assessment needs to be made available on the website as a matter of urgency. This should be regularly reviewed.</li> <li>Whilst performance documents are uploaded to the website: <a href="https://www.audlemc.co.uk/news-1/apc-performance-as-at-31-mar-24.html">https://www.audlemc.co.uk/news-1/apc-performance-as-at-31-mar-24.html</a> there is no evidence that these documents are considered at a council</li> </ol>	

		meeting and approved/noted. 5. It is recommended that the council approve a Risk Management Policy.	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Ensure that current year budget reports should be prepared and submitted to Committees periodically during the year with appropriate commentary on any significant variances and these reports should be made available online.	6. The RFO should review the budget performance at the financial year-end and provided explanations for any significant or unanticipated variances.	
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"> <li>• There are missing bank statements between 31st March 2023 and 1st June 2023 when the council did not have a bank account.</li> <li>• Between 1st June 2023 and 31st March 2024 income was received and recorded.</li> </ul>		
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>	<ul style="list-style-type: none"> <li>● It is not possible to verify payments between 31st March 2023 and 1st June 2023 as the council did not have a bank account.</li> <li>● 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</li> </ul>	<p>7. 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"> <li>● The version on the website is out of date and 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.</li> <li>● 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). It is fine to increase the</li> </ul>	<p>8. The asset register must be published on the website in the recommended format.</p> <p>9. Additions and disposals records should allow tracking from the prior year to the current.</p>	

	insurance value (as long as you inform your insurers and the change is noted on the insurance schedule).		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	Accounting statements were prepared on a receipts and payments basis, agreed to the cashbook and supported by an adequate audit trail from underlying records with the exception of 31 <sup>st</sup> March to 1 <sup>st</sup> June when no bank account was in place and it is not possible to check underlying records.		
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.	NA		
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	I have reviewed the Council's website and not all required documentation is published in accordance with the relevant legislation.	10. Finance reports should be made available on the website. Council tax payers need to know where their precept is being spent. 11. Payments over £100 should be published on the website.	

		12. Associated meeting documents should be published on the website preferably in the form of a “meeting pack”.	
M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	<ul style="list-style-type: none"> <li>• The council did not minute or approve the relevant dates at the same time as approving the AGAR.</li> <li>• 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</li> </ul>	<p>13. Council should approve the dates at the same time as approving the AGAR.</p> <p>14. The inspection period must be 30 working days inclusive and must include the first 10 working days of July.</p>	
N. The authority complied with the publication requirements for the prior year AGAR.	<ul style="list-style-type: none"> <li>• The AGAR is not displayed on the website for 2022-23 or for previous years.</li> <li>• AGAR Notice of conclusion for 22/23 is not available on the website as the external auditors have been unable to complete the audit due to potential fraudulent transactions which took place in 2022 and are still under police investigation.</li> </ul>	15. Council must publish a Notice of Conclusion of Audit before 30 <sup>th</sup> September.	

O. Trust funds (including charitable) - the Council met its responsibilities as a trustee	NA		
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**OTHER RECOMMENDATIONS:**

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 8<sup>th</sup> 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.

**COMMENDMENTS**

Many thanks to the Clerk/RFO for providing an excellent set of financial accounts, easy to understand and comprehensive, covering the period 1<sup>st</sup> June 2023 to 31<sup>st</sup> March 2024.