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**Internal Audit & Professional Services**

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## **Tostock Parish Council – Internal Audit Report for 2022 / 2023**

Dave Crimmin undertook this Internal Audit on the 19<sup>th</sup> May 2023 to review the adequacy of the systems of control undertaken by the council. The following comments and recommendations have been made:

### **Annual Meeting of the Parish / Town Council**

The Annual Parish Council meeting was held on 30<sup>th</sup> May 2022. The first item of business was the Election of Chairman, in accordance with Standing Orders.

### **AGAR Completion for 2022 / 2023**

Section One:	Yes unsigned
Section Two:	Yes signed by RFO
Annual Internal Audit Report 2022 / 23:	Yes
Certificate of Exemption:	No

### **Proper book-keeping**

Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

*VAT payments are tracked and identified within the year-end accounts. However, payments on 12/07/2022 for Bin Emptying and 16/02/2023 for External Audit do not have VAT accounted of £84.44 and £40.00 respectively in the cashbook.*

*The Council hold the General Power of Competence and LGA s137 does not apply. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and referenced.*

### **Financial regulations**

Standing Orders and Financial Regulations. Tenders. Appropriate payment controls including acting within the legal framework with reference to council minutes. Identifying VAT payments and reclamation. Cheque books, paying in books and other relevant documents

*Standing Orders in place: Yes  
Reviewed: No evidence of review in year of Audit.  
Financial Regulations in place: Yes  
Reviewed: No evidence of review in year of Audit.*

*VAT reclaimed during the year: Yes  
Registered: No*

*General Power of Competence: Yes*

*There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.*

**Recommendation (1):** The council to review and adopt Standing Orders and Financial Regulations and minute the action taken.

### **Risk Assessment**

Appropriate procedures in place for the activities of the council. Compliance with Data Protection regulations

*Risk Assessment document in place:* No evidence in audit file or website of Risk Assessment or Internal Controls.

*Data Protection registration:* Yes - ZA128874 Expiry 19/07/2023

#### ***Data Protection***

*The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. It is advised that, due to the financial risk associated with the new Data Protection Regulations, this should form part of the Council's Risk Assessment.*

Privacy Policy published: Yes

Insurance was in place for the year of audit

There was no evidence in the minutes that the Risk Assessment, including Internal Controls, has been reviewed during the year of audit.

**Recommendation (2):** To ensure the annual review of the Risk Assessment and Internal Controls is carried out during the year of audit.

The Council have effective internal financial controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

**Fidelity Cover:** There is no evidence from the Insurance Schedule in the Audit file that Fidelity Cover is included in the insurance.

**Recommendation (3):** To ensure that Fidelity Cover is included with insurance and is in line with the recommended guidelines of year-end balances plus 50% of the precept.

## Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

*Smaller Council: Yes*

*Website: [www.tostockpc.org.uk](http://www.tostockpc.org.uk)*

- a) all items of expenditure above £100  
Published – Yes – contained within the minutes*
- b) annual governance statement (By 1 July)  
2022 Annual Return, Section One Published – Yes*
- c) end-of-year accounts (By 1 July)  
2022 Annual Return, Section Two Published – Yes*
- d) internal audit report (By 1 July)  
2022 Annual Return, Section Four Published – Yes*
- e) list of councillor or member responsibilities  
Published – Yes*
- f) the details of public land and building assets (By 1 July)  
Published – No*
- g) minutes, agendas and meeting papers of formal meetings  
Published – Yes*

*The Council have yet to meet the requirements of the Transparency Code. Guidance on documents that need to be published can be found on*

*[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/388541/Transparency Code for Smaller Authorities.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388541/Transparency_Code_for_Smaller_Authorities.pdf)*

**Recommendation (4):** To comply with the requirements of the Transparency Code in accordance with the referenced guidance.

Under **The Local Audit (Smaller Authorities) Regulations 2015 9(6 & 7)** a smaller council having certified itself as an Exempt Authority must publish on their website:

*Certificate of Exemption*

*Certificate of Exemption Published - Yes*

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** a council is required to display AGAR's for the five years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 on their website. Please be advised that this should be part of your AGAR publication requirements.

*Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:*

*Notice of period for the exercise of public rights*

*Published*

*No*

## **Budgetary controls**

Verifying the budgetary process with reference to council minutes and supporting documents

*Precept: £10,474 (2022 / 2023) Date: 26<sup>th</sup> January 2022 (Ref: 7.13)*

*Precept: £9,920 (2023 / 2024) Date: 23<sup>rd</sup> January 2023 (Ref: 23.01.14)*

*Good budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The RFO ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions. Budgets are monitored during the year.*

## **Income controls**

Precept and other income, including credit control mechanisms

*All were found to be in order. Income controls were checked and income received and banked cross-referenced with the Cash Book and bank statements.*

## **Petty Cash**

Associated books and established system in place

*A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.*

## **Payroll controls**

PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures. Records relating to contracts of employment

*PAYE System in place: Yes*

*Employer PAYE Reference: 475/NA74209*

*P60's issued: Not applicable as no permanent Clerk in position during year of Audit.*

*The Council continue to operate RTI in accordance with HMRC regulations. The Council have joined the LGPS / NEST pension scheme.*

## **Asset control**

Inspection of asset register and checks on existence of assets. Cross-checking on insurance cover.

*A separate asset register is in place. Values are recorded at cost value. The total value of assets is recorded at £38,459 The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.*

## **Bank Reconciliation**

Regularly completed and cash books reconcile with bank statements.

*All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with the end-of-year accounts and bank reconciliations for all accounts.*

*Reconciled Bank Balances as of 31<sup>st</sup> March were confirmed as:*

<i>Nat West Current</i>	<i>£11,724.74</i>
<i>Nat West Business Reserve</i>	<i>£37,692.96</i>

## **Reserves**

General Reserves are reasonable for the activities of the Council. Earmarked Reserves are identified.

*The Council have general reserves (£6,898) and have identified CIL reserves (£42,520) in their year-end accounts.*

*Recommendation (5): The council should adopt a Reserves Policy.*

## **Year-end procedures**

Appropriate accounting procedures are used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate.

*End-of-year accounts is prepared on a Receipts & Payments basis.*

## **Sole Trustee**

The Council has met its responsibilities as a trustee

*The Council is not a sole trustee.*

## **Internal Audit Procedures**

*The 2022 Internal Audit report was considered by the Council at a meeting held on 14<sup>th</sup> July 2022 (Ref: 8.2)*

*The council reviewed the effectiveness of Internal Audit at a meeting held on 14<sup>th</sup> July 2022 (Ref: 8.1)*

*davecrimmin.co.uk was not appointed as Internal Auditor for 2022 / 2023 at a meeting held during the year of Audit.*

*Recommendation (6): It is a requirement to appoint the Internal Auditor and record the decision in the minutes of the meeting.*


## **External Audit**

*The Council formally approved the AGAR at a meeting of the full Council held on 14<sup>th</sup> July 2022 (Ref: 8.1)*

*The Council declared themselves Exempt from External audit for the 2022-2023 financial year.*

## **In conclusion**

I would like to record my appreciation to the RFO to the Council for his assistance during the course of the audit work. and for the quality of the documentation presented in the Audit File.

A handwritten signature in black ink that reads "Dave Crimmin". The signature is written in a cursive style with a large initial 'D'.

Dave Crimmin PSLCC

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19<sup>th</sup> May 2023