

# Dene & Valley Parish Council

## Internal Audit 2023/24

An audit of the Parish Council is to examine its internal controls and levels of assurances for its activities during the financial year in accordance with control tests identified in the guidance issued by SAPPB (Smaller Authorities Proper Practices Board) which is made up on a number of members (SLCC, NALCC & CIPFA) and was carried out on 30<sup>th</sup> May 2024.

The following areas of activity were examined and tested by Internal Audit for the Financial Year 2023/2024.

### 1) Payroll

The Parish Council has one employee (Parish Clerk). The Council uses Autela Payroll Service to administer the Employee Salary and Expenses and HMRC PAYE obligations.

Any additional hours and expenses are agreed during the Parish Councils meetings during the signing of payments procedure.

#### **Recommendation**

*Whilst it is best practice for Payroll to be outsourced to a Payroll Service Provider for larger Councils, a significant saving of circa £600 p/a could be made by adopting the HMRC PAYE Basic Tool, which is free. It would be worth exploring the terms of withdrawing from the contract at a future date.*

### 2) Creditors

The clerk records all expenditure on a spreadsheet showing dates, details, cheque number, amount, vat and the total amount of payment with a running balance of expenditure shown monthly.

There is no segregation of duties at the Council as the clerk is the only RFO and Proper Officer, all payments (invoices) are presented at the Parish Council Meetings for confirmation and approval with the cheque number annotated on the invoice.

On examination of the printed records from the spreadsheet of payments and invoices for the year, original invoices and expense claims were present and that the records were accurately recorded.

#### **Recommendation**

*It is best practice to have a payment folio completed (see example attached) to detail the payment details, cheque number and a signature of the Chair and or Vice Chair approving the payment. The cheque book was not available for inspection; however, it is recommended that the cheque stub is initialled by the two signatories who sign the cheque.*

### 3) Debtors

There are no invoices raised for debtors to the Council.

### 4) Budgetary Control

Details of income and expenditure along with bank statements were presented for inspection at the Parish Council meetings, there were no budgetary control reports presented during the course of the financial year.

The precept was discussed, reported and agreed at the Parish Council Meeting on 9<sup>th</sup> December 2023 as per the minutes of the meeting, which included a review of fees and charges for the allotments.

#### **Recommendation**

*A copy of the Clerks Budget Report, Budget Control Sheet and Precept Options should be filed with the minutes for inspection during the Internal Audit. Details of any ringfenced reserves is best practice. The Exercise of Public Rights be made for available for inspection.*

The council does not have a Medium-Term Financial Plan as with only having a small budget and small reserves it only plans from one year to the next, however projects are considered at the Parish Council meetings.

### **5) Risk Management and Governance Arrangements**

The Council has a Risk Management Policy, which was last reviewed on 9<sup>th</sup> May 2023. The Parish Council has a small budget and reserves and one employee and is considered to be a low risk.

The Council has Standing Orders and Financial Regulations and these were last reviewed on 9<sup>th</sup> May 2023.

#### **Recommendation**

*It is best practice to review the Councils Policies annually or on receipt of updated policies and guidance via CDALC, SLCC or NALCC.*

*Parish Councils work within a statutory framework and must operate within the law. The work of a Parish Council is governed and influenced by a number of policy and procedural documents. The website is not maintained with Policies and Annual Inspection of Accounts, a complete review of the website should be undertaken in accordance with the guidelines for information that is made available for public inspection.*

### **6) Security/Asset Register**

The Council does not have any assets; however, the Council maintains a playground and a play area which they do not own.

#### **Recommendation**

*If during the course of the financial year items are purchased for the Parish or use of the Parish Clerk, these should be recorded on an Asset Register, and items should be inspected annually for condition and presence, with the register updated each time a purchase or write off is made for insurance purposes.*

### **7) Income Collection and Banking Arrangements**

Income is received from the Precept, LCTRS, Allotments, Interest and VAT refund. Details of the income is recorded on the spreadsheet and a running total is presented at the Parish Council meetings along with the bank statements for the members to view, with the Chairman confirming the balances.

#### **Recommendation**

*It is best practice to have 3 signatories for the bank accounts, the Chairman, Vice-Chair and the Clerk.*

### **8) Accounting Records**

The Parish Clerk records the accounting transactions on a spreadsheet, which details the income and expenditure (and VAT where appropriate), this is adequate for the size of the Parish Council and the number of transactions processed annually.

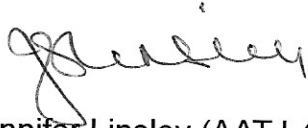
#### **Recommendation**

*It is best practice to generate reports that can be inspected by members of the council that may not have an accounting background, as the running tally of transactions is not transparent to the layman.*

The Parish Council completed Part 2 of the AGAR (where the higher gross income or gross expenditure was £25.000 or less, a council can certify themselves as exempt from a limited assurance review), which is made of 2 sections along with an annual audit report. This report is completed when agreeing the statement of accounts, after the financial year end.

### **9) Conclusion**

The Internal Controls are satisfactory and would benefit from the adoption of the recommendations contained herein, which would improve the overall governance.



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Internal Auditor

Date 30<sup>th</sup> May 2024