

Annual Internal Auditor's report 2022/23 Kilve Parish Council

Internal Auditor: Deborah O'Brien CiLCA PSLCC.

To: Kilve Parish Council,

31 May 2023

Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

In accordance with guidelines contained in the 2022 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31st March 2023. This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Kilve Parish Council \(kilvevillage.uk\)](http://kilvevillage.uk).

Internal Audit report assertions

A. Appropriate accounting records have been properly kept throughout the financial year.

- Prior year's cashbook balance has been correctly brought forward.
- Appropriate accounting records have been kept throughout the year with monthly updates brought to council meetings.
- Bank reconciliations are presented to full council monthly and reviewed bi-monthly by a councillor appointed to internal review. These are reviewed against the Scribe reconciliation and bank statement before signing.
- Year-end bank reconciliation matched section 2 line 8 of the AGAR.
- A sample of invoices was checked against scribe, minutes and bank statements and found to be in order.

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

- The council's Financial Regulations and Standing Orders are in place.
- Financial Regulations are regularly reviewed and are based on the latest 2019 template. Standing Orders are also regularly reviewed and based upon Model Standing Orders 2018 (updated April 2022).
- Previous years' VAT claims have now been made (£2,792.72) received in January 2023; going forward claims will be made regularly.

- Invoices are processed promptly with the Clerk/RFO checking for validity and prior authorisation. They are then presented to full council for approval.
- A random sample of financial transactions was examined in detail and found to be administered correctly.
- Currently two Councillors are authorised on the banking mandate. I would recommend adding at least one more in case of non-availability.
- Payments are made electronically. Clerk sets up payments in the bank account and two councillors must approve the payments, having had sight of the invoices first. All payments are minuted.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

- [The Accounts and Audit Regulations 2015](#) require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. All councillors and clerk review these.
- Standing orders (NALC 2018 updated April 2022) were updated in October 2022.
- Other policies are now in place and will be regularly reviewed. These are available on the website at [Kilve Parish Council \(killevillage.uk\)](http://killevillage.uk)
- A comprehensive strategic risk assessment has been developed and proposed for adoption at the May 2023 meeting.
- The Parish Council should consider providing a dedicated laptop to the Clerk for the purpose of conducting PC business. This is to conform with GDPR requirements and ICO recommendations. For guidance, please see [Bring your own device – what should we consider? | ICO](#)
- Electronic data is stored on a cloud and backed up to a memory stick on a regular basis.
- Insurance is in place, to appropriate levels. Asset and insurance levels were last reviewed May 2022.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

- The 2023-24 budget was considered, and precept agreed at a full council meeting dated 17/1/2023. (minute 025/23). This was correctly recorded as the amount payable, £8,600. The precepts received match the public record of precepted amounts.
- Progress against the budget is monitored and reports submitted to full council at a meeting. These are minuted and signed.
- Reserves: Practitioners' Guide (paragraph 5.34) recommends that a small council should hold close to 12 months' General Reserves. Reserves were

reduced at precept-setting to 50%. The council does not have a formal ear-marked reserves policy. Please review reserve levels when setting the 2024/25 budget.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

- In addition to the precept, the council receives a small amount of bank interest.
- VAT reclaims are made in accordance with [VAT form 126 claims for organisations not registered for VAT](#).

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

- No petty cash held.

G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

- The sole employee is the Clerk/RFO who has the NALC model contract.
- The current hourly rate of pay is based upon the 2022/23 National Salary Award. The latest NALC/SLCC pay scale amendments have been applied.
- The Council was registered with HMRC for PAYE as of March 2022. There is an on-going issue with HMRC for non-submission of returns due to an error in set-up. Submissions are now being made. The Clerk is in negotiations to have HMRC waive fines. Once this has been resolved it should be minuted as such for a permanent record.
- The council is registered with the Pensions Regulator and has made its compliance declaration.

H. Asset and investment registers were complete and accurately and properly maintained.

- The asset register is regularly updated and reviewed annually.
- The Council does not have any loans.

I. Periodic bank account reconciliations were properly carried out during the year.

- Bank reconciliations are made to the statements and Scribe and presented to full Council. A councillor also checks and signs the reconciliation on a bi-monthly basis.
- Year-end reconciliations for 31/3/22 and 31/3/23 were checked and agreed to line 8 of section 2 of the AGAR.

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate, debtors and creditors were properly recorded.

- The council operates on receipts and payments accounting in accordance with regulation 11 of the Accounts and Audit Regulations 2015.
- The financial detail reported in the draft Section 2 of the AGAR reflects the detail shown in the accounting records for 2022/23.

K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt.

- The Council correctly declared itself exempt in 2021/22

L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

- The authority shares a website which is regularly updated.
- In general, all required information is published. The council is below the £25,000 threshold and is subject to the [Transparency Code for Smaller Authorities 2015](#)
- [The Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#) requires that public sector bodies must comply with the accessibility requirement. Regular testing of the website should be undertaken. Various applications are available to assist with this such as [WAVE webaim](#). The website is a village site and the council should consider developing its own dedicated website in the future to ensure compliance.
- **An Accessibility Statement must be reviewed annually at a minimum and updated where necessary. This must be available on the website and is a legal requirement. An example can be found at [Sample accessibility statement - GOV.UK \(www.gov.uk\)](#)**
- All documents dated after 23 September 2018 and created by the Council should be in an accessible format and where these are PDFs should be PDF/A created with header bookmarks within the document. Assistance with this can be found at [Creating Accessible Documents | AbilityNet](#).
- [Data Protection Act 2018](#) - The website contains a privacy policy and the ICO's model publication policy.
- The Clerk has a PC g-mail address, but councillors do not have PC specific e-mail addresses. It is recommended that all councillors utilise a PC dedicated e-mail address such as councillorA @kilveparishcouncil.org.uk. The use of personal e-mail addresses may cause GDPR and Freedom of Information issues. Please refer to [Fact sheet for councils: the use of personal email addresses and devices \(ico.org.uk\)](#) for guidance.

M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (*during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?*)

- The council approved the dates of 1 July – 11 August 2022, and these were agreed at the 23 June 2022 meeting.

N. The authority has complied with the publication requirements for 2021/22 AGAR (*see AGAR page 1 Guidance Notes*)

- The council complied with this requirement.

O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- Not applicable – the council is not a trustee.

This report and its recommendations are to help the Council and not to criticise it. A tremendous amount of work has been conducted in the last year and there are many excellent practices now in place which reflect well on the Clerk/RFO/Proper Officer Karen Scott and the Council as a whole. This report should be submitted along with the Annual Internal Audit Report 2022/23 to the full council for review and consideration.

If you have any questions, please do not hesitate to ask,

Sincerely,

Deborah O'Brien