

Annual Internal Auditor's report 2023/24 Kilve Parish Council

To: The Councillors of Kilve Parish Council,

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 2023 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA 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 2024, as outlined in the letter of engagement signed by the Council at its 28th November 2023 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Parish Council – Kilve Village](#) It has been noted that through no fault of its own, Kilve's website has been unavailable for several months this year, and although now partially restored, certain documents have been lost. This is due to Somerset Council closing the infrastructure. The Council will endeavour to restore full availability as soon as possible to ensure compliance with its legal obligations.

Overall, the standard of management and governance processes is good, with some issues highlighted below for the attention of the Parish Council. I would like to thank the Parish Clerk/RFO, Karen Scott for her cooperation and assistance in facilitating this internal audit.

Internal Audit report assertions

- A. Appropriate accounting records have been properly kept throughout the financial year.**
- The Council utilises Scribe accounting software. It is recommended that all invoices/receipts are uploaded to the system. (Some are but not all)
 - Council minutes for the year are complete and up to date. Parish Council minutes become a legal document once they are physically initialled, signed and dated following approval at the ensuing meeting. [Local Government Act](#)

[1972 sched 12 paragraph 41 \(1\) \(2\)](#) I would recommend including a line on the back page for the Chairman's signature and date. Initialling of the previous pages can be anywhere.

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 has adopted Standing Orders and Financial Regulations which are based upon the current model NALC templates. A revised set of Financial Regulations have been issued by NALC in May 2024 and should be adopted as soon as practical.
- A sample of 15% of payments was reviewed and generally found to be administered and processed correctly according to Financial Regulations. An audit trail was possible. One payment was made against a Pro-forma invoice – the Council must obtain a VAT invoice for its records thus enabling a VAT refund. There is no documentation for the HMRC fine paid in the amount of £50.28.
- [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. This was done at the June 2023 meeting. An Internal Control Policy was agreed and adopted at the September 2023 meeting and going forward Internal Controls will be reviewed at every May annual PC meeting.
- Payments are made in accordance with Financial Regulations, and the Council has effective controls in place.

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

- The Council reviewed and formally adopted a Financial and Management Risk Assessment at its May 2023 meeting.
- Standing Orders were reviewed in May 2023 and will be reviewed regularly. Paragraph 18 (c) needs to be updated as the Public Contracts Amended Regulations 2022 (SI 2022/1390) increased the threshold from £25,000 to £30,000 incl VAT.
- Insurance coverage is adequate; however, it should be minuted that this is reviewed against the asset register and that levels of coverage have been reviewed at the time of renewal. The minutes only reflect that the insurance was renewed.
- Inspections of assets are conducted regularly, and repairs made accordingly. RoSPA inspection of play equipment is due, and this should repeat annually. Inspections should be documented and kept on file.

- Electronic documents are presently backed-up on a USB device and in the 'Cloud'.
- 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 precept received match the public record of precepted amounts.
 - The 2024/25 budget was considered, and precept agreed at a full council meeting dated 16/1/2024. (minute 008/24). This was recorded in the amount payable of £11,153.
 - Reserves: Practitioners' Guide (paragraph 5.34) recommends that a small council should hold close to 12 months' General Reserves. Currently (31/3/24) the Council holds £1,000 in ear-marked reserves leaving just under 36% of the 2024/25 precept in General Reserves. Please review reserve levels when setting the 2025/26 budget.
 - Progress against the budget has been regularly monitored and reports submitted to full council at each meeting, where they are minuted.
- E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**
- The precept received (£8,600) agrees to the precept request for 2023/24 and matches central government records.
 - No VAT has been claimed during 2023/24. The last receipt was in January 2023. [VAT form 126 claims for organisations not registered for VAT](#)
 - Interest received totalled £63.99.
 - Grants were received totalling £3,895.19

Other income included

- F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.**
- No petty cash held, not applicable.
- 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 Clerk/RFO is the sole employee and has a contract based upon the model NALC template. The Local Government Services Pay agreement was implemented and minuted at the November 2023 meeting. However, the Clerk has not had a review since the end of her probation period, even though she has her completed ILCA qualification. The model contract states that an

annual appraisal will be given. A formal letter of any adjustment to hours, pay scales or contract should be issued following an appraisal.

- The Council is registered with HMRC as an employer, and Basic Tools PAYE software is used for payroll processing.
- Regular payments are made to HMRC in respect of PAYE. I have not viewed an online statement from HMRC relating to PAYE payments made, although I can see that regular payments have been made.
- The Parish Council is registered with the Pensions Regulator as required. There is currently an outstanding query from the Pensions Regulator regarding paperwork. Re-declaration was due in January 2024.
- No member allowances are paid.

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

- The asset register is maintained in Scribe and contains purchase prices (per Practitioners' Guide recommendations) and current valuations. The current valuations should be updated to reflect the insured values, but the purchase prices still used for box 9 of the AGAR.
- The register is updated when new acquisitions are made, and insurance updated accordingly.
- Inspections of assets are made regularly.

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

- Bank reconciliation and statement reviews are conducted at every monthly meeting.
- The year-end bank reconciliation (Scribe) matches the bank statements. There are no unrepresented payments.

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 has prepared its accounts on receipts and payments basis.
- The Accounting Statements (AGAR) prepared by the RFO agree to the Scribe cashbook.
- Line 2 agrees to the value of the precept raised and received.
- Line 8 agrees to the year-end bank reconciliation and supporting bank statements.

K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt.

- The Council met the criteria.

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 currently being updated following the loss of data as mentioned previously.
- 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](#)
- **As reported last year, [The Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#) requires that public sector bodies must comply with the accessibility requirement. The site has multiple contrast errors, and many areas are not accessible. 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.

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 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?*)

- The Council posted dates on the website of 3/7/23 – 11/8/23 but used the incorrect form which did not show a publication date nor the name of the person making the announcement. Please ensure that the correct form is used for 2023/24. This can be found at [Important documents \(including supporting documents for submission and publicising public rights\)](#) – “Public Rights Notice for Exempt Authorities”. The dates agreed were also minuted in June 2023 as evidence that this has been done.

N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR page 1 Guidance Notes)

- The council complied with this requirement with the exception of the year-end bank reconciliation. Please ensure this is published.

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.

Other matters not covered above:

- Councillors should all be encouraged to use PC specific email addresses in preparation for mandatory introduction. If a Freedom of Information request was received, personal and/or business e-mail accounts used would have to be accessed in order to comply with the request. Practitioners' Guide Paragraph 1.26 relates to the requirements in relation to Assertion 3 and states 'Email management - every authority should have an email account that belongs to the council and to which the council has access – this ideally would be a .gov.uk or .org.uk address or could be an address linked to the council website.' In order to answer yes to Assertion 3 in the 2023/24 Annual Governance Statement the local authority should ensure that it has an email address that complies with this requirement and if it does not already it should do so urgently.
- Biodiversity Policy – government guidance is that Parish Councils must consider what they can do to conserve and enhance biodiversity. SLCC has issued a template and guidance at [Draft-model-biodiversity-policy-October-2023.pdf \(slcc.co.uk\)](#)

This report and its recommendations are to help the Council and not to criticise it. This report should be submitted along with the Annual Internal Audit Report 2023/24 to the full council for review and consideration.

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

Sincerely,

Deborah O'Brien CiLCA
19th June 2024