

Hartshorne Parish Council

Independent Internal Auditor's Report for 31st March 2024

Introduction

The internal audit took place mid April 2024. I have carried out an internal audit of the Council's records in accordance with the Council's requirements and under the guidelines of Governance and Accountability for Local Councils.

Whilst I have not tested all transactions, my sample has, where appropriate, covered the entire year so as to provide an assessment of compliance with the relevant policies and controls that are expected to be in operation during the above financial year. The audit has covered the work carried out by the Clerk & Responsible Finance Officer to the Council in the execution of her duties, ensuring that all relevant regulations have been met and the Council's resolutions have been carried out in a proper and timely manner.

Scope of Audit

Amongst others the following areas were subject to inspection:

- Observance of Financial Regulations
- Observance of Standing Orders
- Operation and Reconciliation of Bank Accounts
- Cash Book Receipts and Payments
- Invoices received
- Value Added Tax Refund
- Preparation of Receipts and Payments Account
- Preparation and approval of Budget and Precept
- Council Minutes, Resolutions and Authorised Payments
- Fixed Assets
- Risk Assessment (not available)
- Adequacy of Insurance Cover
- Payroll Records and Clerk's Expenses
- Precept Requirement and budget (budget not available)
- Adequacy of Council Reserves
- Annual Return this year
- Annual Return last year with Internal Auditor's Report

The accounts were prepared on an income and expenditure basis and the appropriate reconciliations and variance analysis were duly prepared.

A. Appropriate Accounting Records

The brought forward balances were compared with the previous year's closing balances and no errors were found. The cashbook is kept on an Excel spreadsheet and this method of recording income and expenditure is sufficient for a parish council of Harthorne's size.

The only budget comparisons noted in the minutes of Full Council were in September 2023. There is however evidence in the Finance Working Group Minutes that budget comparisons are circulated when considering the annual budget and precept demand.

Paragraph 17 (c) of the Council's Standing Orders and paragraph 4.8 of the Financial Regulations state that budget comparisons should be performed on a quarterly basis.

Although the balance of the current account is reported in the parish Council's Minutes each month, there is no evidence of a bank reconciliations being circulated to members on a regular basis. The Clerk informs me that a bank reconciliation is circulated and signed at Finance Working Group meetings, however this is not minuted. I would recommend that the bank reconciliation is presented to Full Council and minuted.

Although a budget for expenditure was prepared for the year 2023/24, I cannot see that expected income was budgeted. Expected income and expenditure for the year should be considered when determining the precept demand.

B. Financial Regulations, documentation and approvals

All the transactions chosen in the sample of payments from the cashbook were supported by invoices authorised for payment and approved in the minutes. Where VAT was applicable this was correctly accounted for.

It was however noted that although expenses are shown as presented at the October & November meetings, the minutes do not show that it was agreed that should be paid. Going forward all minutes should state that Councillors have approved the payments.

VAT on expenditure during 2022/23 was reclaimed during the year.

Standing Orders and Financial Regulations were reviewed and adopted at the October 2023 meeting and evidenced at Minute 291/2023. However, the Standing Orders on the website have not been updated to show their approval at that meeting.

A schedule of payments is included with each Agenda and minuted, in accordance with paragraph 5.2 of the Financial Regulations.

For transparency the minutes of the Finance Working Group should also be published on the website.

Minutes are initialled on each page and signed on the last page by the Chair.

C. Assessment of Significant Risk

The Council's Risk Register was reviewed and adopted at the October monthly meeting however the copy published on the website is still dated 13 July 2022.

The playground equipment is inspected annually by a ROSPA qualified inspector. Additional checks are made SDDC who perform a monthly operational inspection.

The Council has taken the decision not to insure the MUGA pitches against damage as the view is that they are indestructible. All other fixed assets, such as leisure equipment and storage containers are insured, and the Council has Public, Employer Liability and Fidelity Guarantee insurance in place.

The Council continues to use Cloud storage as well as a memory stick to back up its electronic data.

D. Precept and Budget

The 2023/24 budget was agreed at the December 2022 Monthly Meeting following a report was from the Council's Finance Working Group. It was agreed to increase the precept for 2023/24 to £9,624.

The reserves are high for a council of Hartshorne Parish Council's size. This has resulted from the sale of land and the Council is using it for ongoing capital projects.

E. Expected Income

The precept received and witnessed on the bank statements agreed with the required precept identified in the budget process.

I cannot verify whether all expected income was received as the budget does not show expected income. All sources of expected income should be considered when deciding on the precept demand.

Other income such as allotment fees, pitch hire and interest was correctly shown in the cashbook.

The income on the current year's Accounting Statement is correctly stated and shown in the correct boxes.

F. Petty Cash

The Council does not use or hold petty cash.

G. Payroll

Hartshorne Parish Council make one payment to SDCVS each month and then SDCVS are responsible for processing and reporting the salaries as well as paying staff and HMRC.

Members allowances for the year were agreed at £50 for the Chair and £25 for the Vice Chair at the full Council Meetings held on 15h May 2023. The Vice Chair's allowance however remained unpaid at the end of the year.

H. Asset Register

The fixed asset register has been prepared during the year and updated with the goal posts purchased during 2022/23.

The asset register ideally should also include when the items were purchased, or if an insurance value used the date of the insurance valuation, as well as the location of each asset.

For transparency it is good practice to publish your fixed asset register on the Parish Council's website.

I. Bank Reconciliations

The Council has 3 accounts a current account, a reserve account and a deposit with SDDC.

As mentioned previously there is no evidence in the Minutes that bank reconciliation circulated to members on a regular basis.

A review of the income and expenditure was carried out and the cashbook totals were shown to agree to that reported on the bank reconciliations and the Accounting Statement.

The deposit with SDDC accrues a low rate of interest. The Council should consider whether there are other investment opportunities paying a higher rate for these funds.

J. Accounting Statements

These are correctly prepared on an income and expenditure basis and agree to the cashbook.

K. Exemption from a Limited Assurance Review

The Council was not exempt from a limited assurance review for the year ended 31st March 2023.

Sections 1 of the Annual Governance and Accountability Return (AGAR) was correctly approved and minuted before section 2 of the Return.

It was not noted however in the minutes that the internal audit report had been circulated prior to the approval of section 1 of the AGAR.

The 2021/22 Exemption Certificate is still not currently published on the website.

L. Transparency

Under the Localism Act 2011 a list of Councillors, their responsibilities and pecuniary interests should be published on the Parish Council's website.

The link to Councillors Pecuniary Interest on the Parish Council website links to a code of conduct document rather than the pecuniary interest. It is acceptable to just add a link from the Parish Council website to the relevant page on the SDDC website.

The Councillors serving on the Finance & Recreation Working Groups should be clearly identifiable on the Parish Council website.

Smaller authorities should publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:

- Certificate of Exemption, page 3
- Annual Internal Audit Report, page 4
- Section 1 – Annual Governance Statement, page 5
- Section 2 – Accounting Statements, page 6
- Analysis of variances
- Bank reconciliations
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015
- Items of expenditure over £100

These documents should remain on the Parish Council's website for at least 5 years.

Currently there are only two years of financial data published on the Council's website.

The Local Government Code of Conduct which was adopted at the June 2023 meeting is not on the website.

M. Correctly provided for the exercise of public rights

The Council correctly provided for the exercise of public rights for the year ended 31st March 2023.

The dates for the period of the exercise of public rights were included in the May minutes at Minute 251/2023.

N. Complied with the publication requirements for the AGAR

The Council complied with the publication requirements for 2022/23, although there should be 5 years of financial data available on the website.

Summary

My inspection of the Council's records for the year ended 31st March 2024 found no areas of concern with regards to the Council's controls and procedures.

The accounts for 2023/24 were found to be accurate and contained no errors.

Gill Turner

G Turner Accountancy Services, Rockingham Lodge, Market Square, Tideswell, Derbyshire SK17 8LQ

27th April 2024