

Guist Parish Council

Internal Audit Report

For Guist Parish Council

Financial Year 2023/24

Including Explanatory Notes for Annual Return
(where a 'no' has been marked)

Prepared by Catherine Moore
9th June 2024

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I have completed an internal audit of the accounts for Guist Parish Council for the year ending 31st March 2024. My findings are detailed below using the tests provided in the Governance and Accountability (England) 2016. I would like to thank the Clerk / RFO for providing me with all the information required for the Internal Audit.

Internal Control	Test	Observations / Recommendations
Proper bookkeeping	Is the cash book maintained and up to date?	Yes
	Is the cash book arithmetically correct?	Yes
	Is the cash book regularly balanced?	N/a
Standing Orders, Financial Regulations, and Payment Controls	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes – Standing Orders No – Financial Regulations
	Date Standing Orders last reviewed	May 2024 - see Note 1
	Date Financial Regulations last reviewed	N/a - see Note 1
	Has a Responsible Financial Officer been appointed with specific duties?	Yes – Parish Clerk
	Have items or services above the de minimus amount been competitively purchased?	N/a
	Are payments in the cash book supported by purchase orders, invoices, authorised and minuted?	Partially – see Note 2
	Has VAT on payments been identified, recorded and reclaimed?	Yes In May 2024 – see Note 3
	Is S137 expenditure separately recorded and within statutory limits?	Yes
	Have S137 payments been approved and included in the minutes as such?	N/a
Risk Management Arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the Council carrying out an annual risk assessment or review of their risk management scheme?	No – see Note 4
	Is insurance cover appropriate and adequate?	Yes

Internal Control	Test	Observations / Recommendations
	Are internal financial controls documented and regularly reviewed?	No – see Note 5
Budgetary Controls	Has the Council prepared an annual budget in support its precept and has this been minuted as being approved?	No – see Note 6
	Has the precept been calculated from the budget and been approved?	No – see Note 6
	Does the budget include an actual completed year?	N/a
	Is actual expenditure against budget regularly reported to the Council?	No – see Note 6
	Has the Council agreed a General Reserve Policy and is this figure reflected in the 'free balance'?	No
	Are there any significant unexplained variances from budget?	N/a – no budget
Income Controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	Unknown
Petty Cash Procedures	Is all petty cash spent recorded and supported by VAT invoices / receipts?	N/a
	Is petty cash expenditure reported to each Council meeting?	N/a
	Is petty cash reimbursement carried out regularly?	N/a
Payroll Controls	Do all employees have contracts of employment with clear terms and conditions?	Not evidenced – see Note 7
	Do salaries paid agree with those approved by the Council?	Unknown – see Note 8
	Is the Clerk being paid at the rate set out in the contract / as amended by Council?	Unknown – see Note 8

Internal Control	Test	Observations / Recommendations
	Are salaries above the National Living Wage / Minimum Wage?	Unknown – see Note 8
	Are other payments to employees reasonable and approved by the Council?	Unknown – see Note 9
	Have PAYE/NIC been properly operated by the Council as an employer?	No – see Note 10
Asset Controls	Does the Council maintain a register of all material assets owned or in its care?	Not evidenced – see Note 11
	Are the assets and investments registers up to date? When were these last reviewed?	Unknown
	Does the asset insurance valuations agree with those in the asset register?	Unknown
Bank Reconciliation	Is there a bank reconciliation for each account and is this reported to Council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Unknown
	Are there any unexplained balancing entries in any reconciliation?	No
Year-End Procedures	Are year-end accounts prepared on the correct accounting basis? (Receipts and Payments or Income and Expenditure)	Yes – Receipts and Payments
	Do accounts agree with the cash book?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes since Temporary Clerk took over
	Where appropriate, have debtors and creditors been properly recorded?	N/a
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/a – not adopted

Internal Control	Test	Observations / Recommendations
	Have points raised on the last Internal Audit report been considered by Council and actioned?	Unknown – no audit report for 2018/19 presented, accounts not audited after that year until March 2024
	Have the decisions of the Council been made lawfully?	Decline to comment
	Has the Council embedded Data Protection into the organisation?	Partially – see Note 12
Transparency: For smaller councils with turnover under £25,000	Are minutes for the whole year on the website?	Yes – see Note 13
	Are agendas for the whole year on the website?	No – see Note 13
	Are payments over £100 detailed on the website?	No – see Note 13
	Have electors' rights been advertised on the website?	No – see Note 13
	Are councillors' responsibilities detailed on the website?	Yes – see Note 13
	Is the last financial year's Annual Return on the website?	No – see Note 13
	Are the land and building asset details on the website?	No – see Note 13
Councils that are Burial Authorities	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/a
	Have fees for the cemetery been reviewed and agreed by the Council?	N/a
	Were comparisons made with other cemeteries prior to setting the fees?	N/a
	Have burial books been kept up to date and are they safely stored?	N/a
Councils with Allotments	Has a list of allotment holders with amounts paid to Council been submitted?	No – see Note 14
	Have fees for the allotments been reviewed and agreed by Council?	No – see Note 14
Councils with Charities	Have Charities reported and accounted separately?	N/a

Internal Control	Test	Observations / Recommendations
	Have Charity accounts been independently audited?	N/a
	Have the Charity accounts and Annual Return been filed within the legal time limit?	N/a
Electors Rights	Did the Council correctly advertise electors rights?	No – see Note 15
	Was the period of Electors Rights set for after the AGAR had been signed off?	No – see Note 15
	Did the Council correctly notify of the conclusion of audit?	N/a – exempt from external audit
Miscellaneous	Is the Council registered with the Information Commissioners Office?	No – see Note 16
	Does the Council's website meet accessibility requirements (random sample)?	Yes

Notes

Note 1: The Council adopted new Standing Orders in May 2024, and has noted in the May minutes that new Financial Regulations will be considered at the next meeting. Although this is not within the audit year, it is relevant and is resolving a previously noted audit action.

Note 2: Invoices were available for part of the year, mainly the period covered by the Temporary Clerk. All receipts and payments should be supported by invoices / receipts for accounting and VAT purposes.

Note 3: The Temporary Clerk has submitted VAT reclaims where possible, and is taking advice regarding the non-business status of some of the Council's activities with regard to future VAT claims.

Note 4: The Council must carry out risk assessments including a general risk assessment; activity or area based risk assessments (eg play areas, allotments) and a financial risk assessment. This would be requested by the insurers should an incident take place, and would be used to assess the Council's liabilities. The last published risk assessment is dated 2018/19.

Note 5: The Council should carry out an annual review of the Financial Risk Assessment and Internal Controls documents, and ensure that they are working in accordance with them. Template documents are available from the various subscription services supporting councils.

Note 6: As there were no meetings, no budget was set and there was no legal decision making process to determine the zero precept. The precept should always be informed as the result of producing a balanced budget. There should be regular reporting of income and expenditure against budget (recommended quarterly) to ensure Councillors are aware of the Council's current financial position. The Clerk is reporting the Council's financial status regularly at meetings.

Note 7: All employees are required to have a Contract of Employment, which must be given to them on or before their first day of employment. I have not been supplied with a copy of the Temporary Clerk's contract.

Note 8: No evidence supporting the former Clerk's payments in the year was presented. With no payslips to review, I cannot comment further on the former Clerk's salary.

Note 9: The Clerk was being paid a Standing Order of £127.24 per month, which was then refunded by her by BACS until her employment ended. This is not recorded in the minutes, and no explanation is given.

Note 10: I note that the Council is now registered for PAYE, and that the first payment to the Temporary Clerk was made as a gross payment. The Temporary Clerk has confirmed that she paid HMRC directly, and is aware that all future payments must be made to HMRC directly by the Council in order to meet their obligations as an employer.

Note 11: The Council is required to hold an Asset Register, the value of which is reported on the Annual Return, and which also informs the insurance valuations.

Note 12: The General Data Protection Regulation 2018 stated that Councils had to embed data protection into all of their processes, including policies, privacy notices, and data audits. In May 2024 the Council adopted the Data Protection Policy. The next step is Privacy Notices, and then ensuring Data Protection is embedded throughout the work of the Council.

Note 13: The Transparency Code 2015 was introduced in December 2014 and placed duties on Parish Councils with income and expenditure under £25,000 to publish information on their website. A copy of the Code detailing all of the requirements is available at <https://www.gov.uk/government/publications/transparency-code-for-smaller-authorities>.

Note 14: I have been advised by the Clerk that the Council does have allotments, however there is no evidence of money received for the rental of these. This should be rectified, an allotment register produced, the back rents invoiced, and regular invoicing going forward. I can see no evidence of payment for the new lease by P Reynolds agreed in the August 2023 minutes.

Note 15: The Clerk has published the AGAR documents for the periods 2018/19, 2019/20 and 2020/21. Therefore Annual Returns after that date, together with electors rights and other statutory documents and processes, have not yet been published.

Note 16: Every Council is required to register with the Information Commissioners Office at a cost of £40 per year (reduced to £35 if paying by Direct Debit). The Register does not

show Guist Parish Council as registered, and I cannot see a payment to the ICO in the accounts.

Observations

The Council has increased the insurance value in line with a desktop audit for the rental properties, and has taken out insurance for the Parish Council.

Since April 2022 the Council only met three times (April 2022). There are no minutes available between April 2022 and August 2023. Council must meet four times per year, if a meeting is not convened for six months, all councillors are disqualified. As there was an Ordinary Election in May 2023, the Council was required to meet within 14 days of new Councillors taking office which did not happen. The Council must meet annually in May, and the first item of business must be the election of a Chairman.

I note that in August 2023 a parcel of land was let to P Reynolds. Assuming this is the same P Reynolds who chaired the meeting, I cannot see any evidence that they declared a pecuniary interest and withdrew from the meeting for that decision. It is especially important for councillors to ensure complete transparency and impartiality when considering entering into any type of transaction with the Parish Council.

The rents on the residential properties are significantly below market value, and therefore not reflecting best value for the parishioners of the village. While the Council is entitled to set the rent at the level it wishes, and can only raise rents by the thresholds set in legislation, the rents are not at a level sufficient to cover a major repair, or improvements set by legislation. It is not clear what checks are being carried out, such as Electrical Installation Condition Reports (5 yearly); asbestos surveys; condition surveys etc. The Council must ensure that there is an adequate regime in place to carry out all necessary checks that would be expected by the Landlords Insurance.

General Observation

I note that until early 2024 the Council did not have its own website.

I would like to comment the Temporary Clerk for the vast amount of work she has put into this Council, bringing essential matters up to date, sorting issues with properties, and preparing five years worth of audits. The volume and quality of work should not be underestimated.

A separate page accompanies this report which must be published with Page 3 of the Annual Governance Annual Return.

Signed:..... Date:

EXPLANATIONS WHERE 'NO' IS TICKED ON THE ANNUAL INTERNAL AUDIT REPORT

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

The accounting records were not prepared until the Temporary Clerk was appointed in early 2024. There are numerous missing invoices or explanations for payments.

Assertion 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 did not present any Financial Regulations for audit. Invoices were missing, therefore VAT cannot be reclaimed for some major expenditure.

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

No risk assessments or reviews of internal controls were presented for audit, and there was no record in the minutes of any reviews of risk assessments.

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

The Council has not precepted for a number of years but is still required to set a budget. Financial monitoring information was not presented prior to the Temporary Clerk taking up the post. The Council has limited reserves to meet some major financial commitments particularly around the properties that it rents.

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

The Council has not received any income from the allotments or rented land for a number of years.

Assertion 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 Council was not registered as an employer before the Temporary Clerk took over. This has been a requirement since April 2011.

Assertion H: Asset and investment registers were complete and accurate and properly maintained.

No asset register was presented for audit.

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

No evidence of bank account reconciliations was available.

Assertion 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.

There was no adequate audit trail from underlying records, prior to the Temporary Clerk taking the post.

Assertion 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 has had an internal audit since 2018/19 and therefore did not complete any of the year end processes for 2022/23.

Assertion 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 majority of the documents required by the Transparency Code for Smaller Authorities 2015 was not published.

Assertion M: In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations.

The Council did not complete any of the year end processes for 2022/23.

Assertion N: The authority has complied with the publication requirements for 2022/23 AGAR.

The Council did not complete any of the year end processes for 2022/23.

Signed:..... Date:.....