

# Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Cadeby Parish Council		
Name of Internal Auditor:	Stuart Bacon	Date of report:	22 June 2023
Year ending:	31 March 2023	Date audit carried out:	15 June 2023

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently, the report is limited to those matters set out below.*

*The proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide 2022. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed.*

***The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

## To the Chairman of the Council:

I have now completed my internal audit report, thanks to the help of your Clerk/RFO Anji Forsyth, whom I would like to thank for her time and assistance as I carried out the audit. My remote audit and review took place on Thursday 15 June 2023, with various online independent checks/tests taking place both before and after this date.

The following topics were reviewed against our standard checklist format:

### General Joint Panel on Accountability and Governance (JPAG) 2022: Sec 4.20

- A review of the Council's Minutes noted no Minutes were published on the Council's website for 7 July 2022, and that no explanation was given for the meeting on 13 October 2022 not taking place.
- It is noted that the minutes for 7 July 2022 have since been published.
- On reviewing the signed Minutes, it was noted that the Chairman was only signing the last page, and not initialling each page to confirm they were originals.
- It is recommended that each page of the minutes is initialled and overall signed when they are approved.

### A. Accounting records and periodic bank reconciliation:

- It was noted the financial ledger was created using Excel spreadsheets, which appeared to be in order.
- Difficulties were noted with the Clerk accessing the Council's bank account details, with multiple statements missing (CB2 398, 399 and 406). This meant some transactions couldn't be checked. However, all available balances agree to the cash book.

- It is recommended that the Council support the Clerk by submitting the necessary authorising forms to HSBC to enable the Clerk to get access to the bank statements at the earliest opportunity. Further, it is recommended that the Council consider adopting online banking with dual authorisation, to enable an easier banking process following multiple bank branch closures in recent years.
- Furthermore, it was noted that despite being in post for some time, no contact had been given to the Clerk. This should be rectified immediately.

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

- While Standing Orders and Financial Regulations were in place and seemed to have been tailored to the Council's needs, neither had been reviewed since May 2021. These should be reviewed each year as part of the Annual Meeting of the Parish Council (SO 5. j.v)
- The Council has demonstrated Internal Controls in place with bank statements signed off against cashbook monthly.
- It was noted VAT hadn't been reclaimed in the year, as the Council hadn't spent above the £100 threshold. VAT would need to be from 01/02/2022 onwards when it is next claimed.

C. Risk Management

- Scanning the minutes there didn't appear to be any unusual activity.
- An annual risk assessment had been carried out in May.
- Insurance through BHIB is reviewed annually (May) and appears to cover the Public, Employees and Assets appropriately. Consideration should be given to adding cyber security to the existing policy.

D. Precept and Budget

- The annual Budget was discussed and Precept was set in January 2023. The evidence shown showed this had been requested accurately.
- A half-yearly review of finances was noted to have taken place in September 2022.
- The precept figure was listed in the minutes along with a Band D equivalent.
- It was noted, should the Council wish to take on any significant projects or be faced with unexpected costs, because of the low precept/reserves, additional grant support would need to be sought.

E. Expected income fully received. Cemeteries/Allotments/Hall Hire/Leases/Other

- Evidence indicated income had been correctly received, with no aged debtors' lists required.
- Relevant checks were in place to ensure all relevant payments were received.

F. Petty Cash

- This section was deemed not relevant to your Council as I was advised no Petty Cash existed.

G. Salaries to Employees

- The Clerk did not have a contract of employment, though there was evidence of Salary, Tax etc in the accounts & approval at each meeting.
- Salary calculations are contracted out and then approved at each meeting.
- The Parish Council is registered with the Pensions Regulator.

H. Asset/Investment register

- It was noticeable the asset register in the cash book, the asset register published on the council website and the figure included in Line 9 of the AGAR, all showed different figures and couldn't be reconciled.
- The asset register should be kept updated with all Council purchases and should reconcile with the AGAR.
- As the insurance schedule couldn't be provided, it wasn't possible to check if the figures included in the AGAR and insurance schedule were compared.
- It was noted no loans were held.

#### I. Accounting Statements/Audit Trail

- The Council's bank accounts were examined, with no significant concerns noted, other than some statements weren't available (CB2 398, 399 and 406)
- Debtors & creditors recorded where necessary and there was evidence of a financial trail through records.
- On the sample payments taken there was evidence of control with all being approved in Council, Minuted and paid accordingly.
- The year-end accounts had been prepared, bank statements and ledgers reconciled, these will be signed off at an extra June 2023 Parish Council meeting.
- This year's sections 1 & 2 of the Annual Return had been drafted ready for signing at the same meeting as above.

#### J. Audit Trail – Transaction Spot Check

- Multiple spot checks were successfully carried out, with details of invoices matching those held in the account's spreadsheet.
- As all bank statements weren't available, it wasn't possible to view statements for CB2 398, 399 and 406.

#### K. Exempt Authorities

- The Council had correctly certified itself exempt in 2021/22, with the previous year's receipts and expenditure each totalling less than £25,000, using a Form 2 exemption, which had been appropriately published on the Council's website.

#### L. Transparency Code (mandatory for councils under £25k turnover)

- All items of expenditure were included within the minutes. Ensuring all items over £100 were published.
- All 2021/22 financial reports were published by 27 June 2022.
- Copies of the Annual Governance Statement, Internal Audit Report, Councillor Responsibilities, 2021/22 Asset Register, and all Agendas and Minutes were appropriately published on the Council's website.

#### M. Exercise of Public Rights for the prior year

- It was noted "The Notice of Public Rights" was published correctly.

#### N. AGAR Publication requirements for the prior year

- Details of the 2021/22 AGAR were found to be published correctly.

#### O. Trust Funds – where Council is Trustee (if applicable)

- This section was deemed not relevant to your Council as I was advised no Trust funds were held.

#### P. Miscellaneous/Good Practice/Legislation

- It was noted the previous internal and external audit reports had been reviewed by the full council.
- The Council were not eligible for the General Power of Competence.
- The Clerk confirmed that a system of electronic backup was in place for Council records.
- Arrangements exist for public inspection.
- No Equal opportunities policy had been adopted by the Council.
- Members' interests were noted on the Hinckley & Bosworth BC website.
- Agendas had been signed and issued with 3 clear days' notice.
- No s.137 payments had been made during the year. The minutes and cashbook didn't evidence which powers had been used to make payments.
- The Council did not have any committees.

#### Q. Cemeteries

- This section was deemed not relevant to your Council as I was advised you were not responsible for a cemetery.

Finally, I would like to conclude by thanking your Clerk, Anji Forsyth for her support and openness during the meeting, and for her assistance with forwarding all the necessary information requested prior to the audit.

Keep up the good work Anji and all at Cadeby Parish Council.

**Areas in the 2022-2023 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked**

	Reason
A	
B	
C	
D	
E	
F	
G	
H	It was noticeable the asset register in the cash book, the asset register published on the council website and the figure included in Line 9 of the AGAR, all showed different figures and couldn't be reconciled.
I	
J	Multiple bank statements missing (CB2 398, 399 and 406).
K	
L	
M	
N	
O	

**Recommendations for action 2022-2023**

Areas for consideration or improvement	Recommendation
Minutes	Ensure Minutes of all meetings are published on your Council's website. The chairman should initial each page and sign at the end once approved.
Bank Accounts	Ensure Clerk has easy access to bank accounts for statements and Council has dual authorisation for online banking.
Contracts of Employment	All staff are to be issued with a contract of employment within 1 week of starting.
Standing Orders and Financial Regulations	To be reviewed annually as part of the Annual Meeting of the Parish Council.
Asset Register	The asset register should be kept updated with all Council purchases and should reconcile with the AGAR.
Insurance Schedule	Copy to be safely filed for easy access should there ever be a claim.
Equal opportunities policy	Implement an equal opportunities policy.

Yours sincerely,



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The figures submitted in the Annual Governance and Accountability Return are:

	<b>Year ending 31 March 2022</b>	<b>Year ending 31 March 2023</b>
1. Balances brought forward	5,344	5,767
2. Annual precept	4,550	4,550
3. Total other receipts	0	131
4. Staff costs	2,255	2,325
5. Loan interest/capital repayments	0	0
6. Total other payments	1,872	2,203
7. Balances carried forward	5,767	5,920
8. Total cash and investments	5,767	5,920
9. Total fixed assets and long-term assets	18,315	18,021
10. Total borrowings	0	0