

Monks Kirby Parish Council

Internal Audit Report for the Financial Year ending 31st March 2023

The Accounts and Audit Arrangements introduced from 1st April 2002 (lighter touch audit) requires all Town and Parish Councils to implement an independent internal audit examination of their Accounts and Accounting processes annually. The Council have complied with the requirements in terms of independence by the Council decision making process by appointing Eleanor Choudry to undertake the work for 2022/23.

This visit is to check that the Parish Council adhere to the requirements set out in the Governance and Accountability for Smaller Authorities in England ensuring that compliance is maintained. The audit concluded on 6th June 2023.

An Internal Audit testing strategy is set out in the current Governance and Accountability for Smaller Authorities in England appendix 5. This covers a “suggested approach to internal audit testing” covering 10 aspects ranging from Proper bookkeeping right through to Year-end procedures. Our Internal Audit testing is based on this approach.

My initial discussion with the Parish Clerk established any system or procedure changes to the internal controls from the previous period. I have undertaken a series of independent audit tests using the various financial records, vouchers, documents, Minutes, insurance documentation to ascertain the efficiency and effectiveness of the internal controls.

As part of this internal audit review I checked:

Book Keeping

- The financial totals as at 31 March 2022 have been brought forward accurately.
 - The cashbook is up to date.
 - The calculations are correct.
 - VAT is evidenced. VAT of £2952.42 has been reclaimed for the period from 18/3/21 to 17/3/22.
 - The payments have been checked and all were supported by invoices, authorised and minuted. (see page 5).
 - Income recorded in the bank account was checked to those entries shown in the cashbook.
 - The Council does not have the General Power of Competence.
 - S137 expenditure is not recorded separately.
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- **Recommendation:**
 - **I recommend that:**
 - Add a column in the cash book for section 137 expenditure.

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Due Process

- NALC Model Standing Orders were adopted on 19/12/2013 and are available on the website.
 - NALC Model Financial Regulations were adopted on 17/4/2014. They are tailored to the council and purchasing authority is defined.
 - There is evidence of a loan to support street lighting upgrade to LED.
 - There is evidence that monthly and quarterly financial checks have been carried out by Councillors and this is minuted.
 - The Clerk advised that quotes have not been sought for goods/services to the council. It is good practice to seek 3 or more quotes for goods/services to seek best value/terms.
 - An Equality Rights Diversity Statement was approved in June 2009 and is to be reviewed in August 2023.
 - The Disclosable Pecuniary Interest Forms have been completed for all Cllrs and all Councillors details are on the Rugby Council website.
 - Signed Agendas are dated and they are always displayed at least three clear days prior to a meeting.
 - Each month receipts/payments and balances are summarised and supplied to each Councillor at the meetings.
 - The Parish Clerk signs and dates the bank reconciliations on a monthly basis to confirm that bank reconciliations have been carried out and the total of the bank account agrees to the cashbook totals.
 - A Councillor signs and dates the bank reconciliations on a monthly basis to confirm that bank reconciliations have been carried out accurately as part of Parish Councillor Scrutiny role.
 - There is evidence that apologies are minuted.
 - Declaration of members interests are minuted.
 - The PC does conform to the Transparency Code for 2021/22 but has turnover exceeding £25k.
- **Recommendation:**
 - **I recommend that:**
 - The Standing Orders are reviewed annually and minuted and updated to the latest revised 2022 version.
 - The Financial Regulations are reviewed annually, minuted and updated.

Risk Management

- A scan of the minutes does not reveal any unusual activity.
- The Clerk informed me that the play equipment is checked by a councillor prior to meetings when any actions are reported. A safety check list is produced. The last Annual Play Equipment Inspection was carried out in October 2022.
- A Health and Safety Policy was adopted in April 2016 and will be reviewed in October 2023.

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- Hard copy minutes are consistently signed. Pages are identified. Agenda items do not have minute references.
 - Financial payments are added to the Agenda.
 - The PC has a Risk Management Policy that was reviewed in July 2022.
 - The annual insurance policy expires in May 2023. There is £12 million Public Liability and £5 million Employers Liability.
 - A Lone Worker Policy is to be adopted in November 2023.
 - A Disaster Recovery Plan is to be adopted in July 2023.
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- **Recommendation:**
 - **I recommend that:**
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- Minutes references are used consecutively across the year on agendas and minutes.

Budget

- An annual budget is prepared, discussed and adopted by the council.
 - There is evidence that Monks Kirby PC have considered the level of the precept.
 - The precept demand is approved and minuted. The amount is not stated in the minutes.
 - There is evidence of budget setting but there is no evidence of reserves being earmarked.
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- **Recommendation:**
 - **I recommend that:**
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- Reserves are earmarked.

Payroll – Clerk/RFO and Caretaker

- A Contract of Employment is customised and but not signed.
- The contract commencement date is incorrect.
- The hourly rate stated in the contract SCP 24 does not correspond with the NALC pay scales.
- The hourly rate is within the LC2 scale, not LC1 as stated in the contract.
- The Clerk has produced payslips using HMRC paye tools.
- The Clerks salary has been paid gross. The Clerk advised that they pay income tax to HMRC from their own personal bank account.
- There is compliance with Minimum wage requirements.
- There is evidence of current Employers Liability Insurance.

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- **Recommendation:**
- **I recommend that:**
- Salary is paid net to the Clerk and HMRC paid direct from the parish council bank account.
- The contract is signed and the salary corresponds with pay scale and LC range.
- The Clerk/RFO contract is reviewed annually.
- A Grievance and Disciplinary procedure is drawn up and adopted.

Asset Control

- An Asset Register for 2022/23 is available with the value of individual assets listed at cost.

Bank Reconciliation

- There is evidence of a bank reconciliation.
- Cheques when issued have the cheque stubs initialled and amounts, dates and payee are all correctly completed.
- There is evidence that the bank reconciliations have been reviewed by Councillors at meetings and minuted.
- There does not appear to be any unexplained balancing entries in the reconciliation.

Banking and Investments

- It was noted that the Parish Council has Unity Trust bank account: Monks Kirby Parish Council Instant Access Account number XXXXXX63 and a current account number XXXXXX34.

Year End Procedures

- Year end accounts are prepared correctly on a receipts and payments basis and the bank statements and ledger reconciled.

Misc

- The Clerk informed me that all electronic files are backed up to the cloud as well as to an external hard drive.
- Arrangements are in place for public inspection of the Councils records.
- The Council is registered with ICO.

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- **Recommendation:**
- **I recommend that:**
- The Council adopt the new LGA Model Councillor Code of Conduct 2020.

For the year 2022/2023 an audit trail of the following cheques was carried out:-

DATE	PAYEE	AMOUNT £
12/04/22	Bear Woodcraft	45.00
14/06/22	Wicksteed	9,725.84
09/08/23	A Higgins	146.59
09/08/23	Grahame Brownbridge	400.00
13/12/22	SF Ltd SEELS	810.00
14/03/23	P Clegg	682.19

Conclusion

The internal audit has identified areas where improvements should be considered and recommendations have been made.

This report should be noted and taken to the next meeting of the Parish Council to inform them of the Internal Audit work carried out. The details of this Internal Audit Report should be minuted by the Parish Council.

I would like to acknowledge the support and assistance provided by the Parish Clerk during the internal audit review.

Eleanor Choudry, CiLCA, AAT

Internal Auditor

6th June 2023

Monks Kirby Parish Council