

Annual Internal Audit Report 2023/24

Somercotes Parish Council

www.somercotesparishcouncil.co.uk

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		✓	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		✓	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.		✓	
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			NO Petty cash
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
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. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			✓
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.	✓		
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 (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).	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

25 04 24 26 04 24

Name of person who carried out the internal audit

KAREN HOWE

Signature of person who carried out the internal audit

K Howe

Date

26 04 2024

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Somercotes Parish Council

Independent Internal Auditors Report for 31st March 2024

Introduction

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.

This work has been carried out on a sample basis so as to provide an assessment of compliance with the relevant policy and controls that are expected to be in operation during the 2023/2024 financial year. The audit has covered the work carried out by the Clerk/Responsible finance officer to the Council in the execution of their duties ensuring that all relevant regulations have been met and the Council's resolutions have been carried out in a proper and timely manner.

Audit

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 Refunded
- Preparation of Receipts and Payments Account
- Preparation and Approval of Budget and Precept
- Council Minutes, Resolutions and Authorised Payments
- Fixed Assets
- Risk Assessment
- Adequacy of Insurance Cover
- Payroll Records and Clerks Expenses
- Precept requirement and Budget
- Evidence that the exercise of public rights carried out
- Adequacy of Council Reserves
- Annual Return this year
- Annual Return last year with Internal Auditors Report

Outcome

My inspection of the Council's records for the year ended 31st March 2024 found the following areas requiring a 'No' response;

(B) Financial Regulations have not been complied with (previously, highlighted in the 2022/2023 internal audit)

Any credit card will be specifically restricted to use by the Clerk & RFO as stated in section 6, Instructions for making of payments point 6.20.

It was noted that the financial regulations were presented to council in May 23, however the required amendments were excluded.

26th April 2024

It is recommended that a credit card policy is put in place to ensure there are appropriate controls over security and usage of the card.

(C) The council have failed to formally minute a review of risk during the financial year. The councils risk register/risk policy was last updated/reviewed in 2022, therefore this document needs to be subject to a formal review.

(D) Reserves are appropriate

Failure to comply with the councils reserves policy. The current level of financial reserves held by the council as agreed is inadequate. The reserves should be increasing to 4 months of the annual precept for 23/24. Note, 4 months reserves equal £64,833.00.

(E) Excepted income was fully received.

Invoices were found to be outstanding from hall lettings, a review of any aged debtors' needs to be undertaken, with a debtors' list maintained, ensuring that amounts overdue are reported to council. The council requires a robust procedure/policy to monitor and collect any outstanding debts.

(K) has a 'not covered' response as is not applicable to this Council.

This concludes the internal audit of Somercotes Parish Council.

Mrs Karen Howe
Parish Internal Auditor

26th April 2024