

# Internal Audit Report

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

Name of council:	Newtown Linford Parish Council		
Name of Internal Auditor:	Stuart Bacon	Date of report:	4 May 2023
Year ending:	31 March 2023	Date audit carried out:	19 April 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 Hannah Shaw, who I would like to thank for her time and assistance as I carried out the audit. My remote audit and review took place on Wednesday 19 April 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 Agendas and Minutes noted they were well produced though somewhat lengthy. Could these be any more succinct?
- No dates were included on agendas for the date of publication. Thus, it is not immediately obvious if three clear days' notice is always given. It is recommended that a publication date is included in the footer of the agenda.
- Minutes of the meeting were initialled and signed. Please ensure all pages are initialled by the Chairman of the meeting where they are approved and then signed on the final page.
- It was noted the Agenda for the Annual Meeting of Parish Council matches Standing Orders and statutory responsibilities relating to the Annual Meeting of Parish Council are maintained.
- Consideration should be given to the Council obtaining a .gov.uk domain, which in turn could be used to provide Cllrs with their own separate email addresses for Council business.

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

- The accounting records viewed were accurate, and all added up correctly, were regularly reviewed and reconciled by Council which was signed off.

- It is noticeable from the April 2023 minutes that the bank balance doesn't agree with the AGAR figures. Final bank balance - £68,702.34. AGAR figure Sec 2 Box 8 - £68,700. This is greater than the £2.00 variance under the Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide.
- B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
- Standing Orders, Financial Regulations and all other Council policies had been reviewed and adopted at the Annual Meeting of the Parish Council in May 2022. Where relevant these had been appropriately tailored to the Council's needs.
  - That said, there is limited evidence of an internal controls policy for managing finances, though informal procedures do seem to be regularly followed.
  - While not checking each and every payment, as this is not a feature of the internal audit, all spot checks on payments indicated they had an invoice and were reported to Council to authorise payment.
  - Records of VAT had been appropriately kept and had payments been recovered during the fiscal year.
  - The process for authorising electronic payments was discussed. While onerous, it is suggested that dual authorisation is in place for all online payments, even if this is by separate paper records.
- C. Risk Management
- Scanning the minutes there didn't appear to be any unusual activity.
  - 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.
  - While it was noted regular inspections of play equipment were being carried out by Charnwood Borough Council, and Minuted, it was noted that the person carrying out the weekly inspections hadn't undertaken official playground inspection training. It is recommended everyone (including Cllrs) undertaking any playground inspections complete a relevant playground inspection training course.
- D. Precept and Budget
- The annual Budget was discussed in November 2022, with a Precept set in January 2023. The evidence shown showed this had been requested accurately.
  - It is recommended that Council conduct regular reviews of expenses against budget requirements.
  - While regular checks on bank reconciliation were noted as having been carried out, it was noticeable that any checks of expenses against the budget weren't Minuted. It is recommended that the Council carry out checks on progress against the budget at least quarterly and that these are Minuted.
- E. Expected income fully received. Cemeteries/Allotments/Hall Hire/Leases/Other
- Evidence indicated income had been correctly received, with no aged debtors lists required.
  - Registers of burials, burial certificates and green slips had all been correctly kept and administered.
  - Relevant checks were in place to ensure all relevant payments were received.
  - It was noted while the Clerk had a separate 1hr week contract to support the administration of the village hall, all funds were held and managed separately by the village hall and its management committee.
- F. Petty Cash
- This section was deemed not relevant to your Council as I was advised only 1p in Petty Cash existed. It was advised that this was banked to remove the issue.
- G. Salaries to Employees
- The Clerk had a contract of employment and 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.

- As no additional checks were made, it was advised that a Government Gateway account was set-up for the Clerk to ensure that all PAYE/NIC payments were adequately presented and there wasn't a large balance held by HMRC which was attributed.
- H. Asset/Investment register
- There was evidence of a reviewed & updated itemised / costed register of assets on the website, note as reminder this requires periodic updating and a new copy added to website.
- I. Accounting Statements/Audit Trail
- The Council's bank accounts were examined, with no significant concerns noted.
  - 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 May 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.
- K. Exempt Authorities
- This section was deemed not relevant to your Council as you had not certified exempt during the previous financial year.
- L. Transparency Code (mandatory for councils under £25k turnover)
- The following were displayed/published as required.
    - All items of expenditure over £100 (excluding salaries).
    - End-of-year accounts / Accounting Statement.
    - Annual Governance Statement.
    - Internal / External Audit reports.
    - Asset Register.
  - There is an updated list of specific Councillor Responsibilities, within the Councillor section of the website. This was anticipated to be updated following the Annual Meeting of the Council in May.
  - Agendas and meeting papers are published as required and draft minutes were generally issued within one month.
  - The Parish Council website is regularly updated and simple to navigate.
- 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 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 no previous internal audit report had been provided.
  - It was noted the previous external audit report had been reviewed by full council.
  - The Clerk confirmed that a system of electronic backup was in place, but Council were looking to improve this during the coming year. Implementing a successful system of electronic backup, with standalone backups also regularly taken was suggested.
  - Members interests were noted on the Charnwood BC website.
  - Minutes were initialled by page and signed by the chair at each meeting.

Q. Cemeteries

- Formal Cemetery Regulation and Fees documents were noted as being in place and had been reviewed during the year in May.
- A register of burials and purchased graves / plots was available to view, noted a very old document. Electronic records were also held, including a cemetery burial plan and were up-to-date.
- Burial certificates were issued by the council for all burials.
- Business rates exemption correctly applied for.
- Consideration should be given to the Council obtaining membership of ICCM (Institute of Cemetery and Crematorium Management) to support the Clerk/Council with technical burial/cemetery management queries.

Finally, I would like to conclude by thanking your Clerk, Hannah Shaw 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 Hannah and all at Newtown Linford Parish Council.

Yours sincerely,



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

	Reason
A	
B	
C	
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N	
O	

### Recommendations for action 2022-2023

Areas for consideration or improvement	Recommendation
Council's Agendas and Minutes noted that they were well produced though somewhat lengthy.	Could these be any more succinct?
No date for publication included in Agendas.	Include a publication date in agenda footnote.
Council has a .org.uk domain, with Cllr's using personal email addresses.	Consideration should be given to the Council obtaining a .gov.uk domain, which in turn could be used to provide Cllrs with their own separate email addresses for Council business.
It is noticeable from the April 2023 minutes that the bank balance doesn't agree with the AGAR figures. Final bank balance - £68,702.34. AGAR figure Sec 2 Box 8 - £68,700. This is greater than the £2.00 variance under the Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide.	Review final AGAR figures for submission.
Limited evidence of an internal controls policy for managing finances.	Consider creating internal control policy or adding an extra section to Financial Regulations.
Dual authorisation of online banking payments	Ensure a dual-authorisation system is in place, even if this is paper based.
Play inspections being carried out by individuals without official playground inspection training.	It is recommended everyone undertaking any playground inspections complete a relevant playground inspection training course.
Checks of expense against budget headings weren't minuted.	It is recommended that the Council carry out checks on progress against the budget at least quarterly and that these are minuted.
Set up Government Gateway account for wages.	Set up account to check balance held by HMRC to ensure no outstanding balance.
Electronic back-up of Council documents	Implementing a successful system of electronic backup, with standalone backups also regularly taken was suggested.
Cemetery management	Consideration should be given to the Council obtaining membership of ICCM (Institute of Cemetery and Crematorium Management) to support the Clerk/Council with technical burial/cemetery management queries.

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	59,756	56,683
2. Annual precept	54,075	56,779
3. Total other receipts	12,619	10,694
4. Staff costs	15,176	17,816
5. Loan interest/capital repayments	4,936	4,936
6. Total other payments	49,655	32,704
7. Balances carried forward	56,683	68,700
8. Total cash and investments	56,683	68,700
9. Total fixed assets and long-term assets	125,244	126,261
10. Total borrowings	28,854	25,317