

Internal Audit – Wreningham Parish Council April 2023

Covers the accounts for 01/04/22 to 31/03/23 and internal controls between those dates

Audit Approach

The purpose of internal audit is to review and report to WPC on whether its systems of financial and other internal controls over its activities and operating procedures are effective. This internal audit therefore focuses on two key aspects of the Council's procedures: Financial Regulations and Risk Management. The Internal Audit was undertaken 18-26 April 2023.

This audit included a check of:

- Bank payment and income records and practice.
- The Clerk's expense record.
- Spend approvals and Council minutes.
- Accuracy of the annual accounts/financial statement.
- Adherence to the Council's Financial Regulations.
- The currency of the council's policies and procedures, including the asset register and the risk assessment.
- VAT returns.
- Financial reporting to the Council.
- Contract procurement.
- Employment matters.

Audit issues not relevant to the Council and hence not covered: Petty cash and investment and loans.

Summary Conclusion:

I gauge the Council's internal controls to be 'adequate' overall but require some improvement as detailed in 10 below.

Detailed Conclusions and Recommendations

1) Book-keeping, Bank Reconciliation and Year-End Financial Statements

WPC maintains an accurate, thorough and reassuring track of its financial transactions and balances.

Random sampling checks found:

- The financial reports agree with the bank records.
- Councillors sign off all expenditure.
- VAT is properly accounted for.
- Bank reconciliation was carried out.
- WPC meets the essence of the 2015 Transparency Code for Smaller Authorities. However, its Parish Council Documents section on the WPC website holds too many out of date documents and failed to display the appropriate AGAR and invite comments on its accounts. This hinders the public's right to access timely information to question how well WPC spends public money, uses its assets and makes decisions.

2) Application of Financial Regulations including Payment Controls

1. Checks show adequate application of WPC Financial Regulations and Payment Controls.
2. The 2022/23 precept calculations were discussed and agreed in line with policy.
3. VAT returns/reclamation were undertaken in line with HMRC practice.

3) Risk management arrangements

WPC has adequate arrangements to manage and identify potential areas of risk but variable application and some out of date documentation weakens the robustness by which WPC ensures appropriate monitoring and management of all those risks.

1. Play inspections are reported to WPC and acted on.
2. The Consolidated Risk Assessment was not reviewed as planned in March 2023.
3. Some WPC web links have documents that are clearly out of date, for example, the Insurance Certificate ran out in June 2016, the Certificate of Employer's Liability Insurance has a 2022-3 link but no policy on opening the link, the Certificate of Exemption – AGAR is for 2019/20 not 2021/22 and Standing Orders

were not reviewed in September 2022 as planned. The Policy Review Schedule itself was due a review in March 2023 but this did not take place.

4) Payroll records and controls

1. The Clerk's wages and expenses are clearly tracked, approved and signed off as part of the WPC financial control process.
2. Appropriate PAYE and NIC practice is in place.
3. Suitable training is identified and undertaken.
4. The Clerk confirms adequate home protection and insurance is in place to cover WPC duties, equipment and documents.

5) Asset and investment registers

1. WPC minutes show the Asset Register was reviewed in March 2023 and updated.
2. An insurance policy ensures all significant risks are adequately covered.

6) Policy and Procedures Manual (PPM) – Corporate Governance

1. WPC operates a planned and traceable means for reviewing and updating its policies and procedures. Standing Orders and Financial Regulations are up for review at the May 2023 WPC meeting. However, that plan is not fully adhered to.
 - It is sometimes unclear which WPC policies or other documents are the current versions or when they are due for/warrant further review or renewal. For example, at the time of inspection the Health and Safety Policy has 2017 on its WPC web link but has May 2012 on its document footer and no date in the footer for next review; the Planning Procedure and Grant Awarding documents have no review date set and the Code of Conduct has a 2022 web tab but September 2014 document footer. The AGAR tab on the website is dated 2020/01 but is blank on opening; the AGAR Certificate of Exemption is for 2019/20.

7) Contract procurement - Nothing to report.

8) Employment matters - review of pay, contract of employment, training

1. The Clerk has an employment contract, access to suitable training and meets periodically with the WPC chair to raise and address issues.
2. PAYE, NIC and Clerk's expenses are addressed appropriately.
3. Suitable insurance to cover the Clerk working from home is in place.

9) Limited Assurance Review of the WPC AGAR (Annual Governance and Accountability Return)

WPC failed to display and invite comment on the 2021/22 AGAR and its accounts on the website. WPC will confirm its (AGAR) and its Certificate of Exemption for 2022/23 at its 9 May 2023 meeting. The new Clerk has assured me the 2022/23 AGAR will be displayed on the notice board and website.

10) Moving forward – action points:

WPC needs to:

- A) Review its website to ensure it fully, accurately and timely complies with the DCLG Transparency Code for Smaller Authorities; this includes ensuring its website links users/the public to the current and timely versions of all 'Parish Council Documents'.
- B) Ensure the public has timely and adequate notification and opportunity (30 days) to inspect the AGAR and accounting records for 2022/23.
- C) Consider if more resource (Councillor, Clerk, other) is necessary to deliver and sustain a) & b) above.
- D) Appoint auditor for 2003/04, as this shall be my last audit.
- E) Consider if its appropriate to establish Terms of Reference for Internal Audit to ensure the new internal auditor reports on both NALC guidance and what matters most to WPC.