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To: South Brent Parish Council Date: 10th April 2024

Internal Audit Report for the year ending 31st March 2024
All Councils are required to implement an annual independent Internal Audit examination of its accounts, accounting processes and internal controls. The aim of this is to ascertain whether the systems of financial and other internal controls, over its activities and operating procedures, are effective. A sample system has been used, as felt appropriate for the size of the Council, to test these processes.

This report details the results of the audit which has been carried out in accordance with the requirements of the Governance and Accountability Practitioners Guide. This report contains recommendations for Council consideration.

Standard Documentation

- Internal control systems – in place with regular checks evident.
- Financial Regulations, Standing Orders, Code of Conduct – in place and regularly reviewed.
- Website Accessibility Statement and Privacy Statement - in place and in order.
- Councillors – there are 12 Councillors in post and the meeting quorum is 4.
- Email and website addresses – .gov.uk domains are in place as is now required.
- Trusts – not applicable.
- Petty cash – not applicable.

Public Funds

- Payment controls – in place and the finances are checked regularly.
- Purchase and payment documentation – cross checking of items identified an invoice for 'dog frisby toys' which had been filed in error. I recommend that this is removed from the records and that all invoices are double checked going forward.
- VAT - requirements appear to have been adhered to and a VAT re-claim has been evidenced.
- Borrowing – in place and repayments during the year have been evidenced. I recommend that the Council checks the official year-end loan balance against the AGAR figure.
- Accounts – appear to be in order. The receipts and payment method has correctly been used, although I note that one spreadsheet refers to 'expenses' and I recommend that this is changed. The correct year end of 31st March has been used.
- Section 137 payments – whilst there is a listing in place for S137 purchases, I have identified a lot of food and drink purchases which, as far as I am aware, Councils have no 'power' under which to purchase such goods unless the General Power of Competence is held. It is my understanding that food and drink items should be placed under S137, or the Chairmans allowance, together with the donations to youth organisations and schools. Care should always be taken to ensure that the correct overall S137 spending amount falls within the legal annual limits for the Council. I recommend that the matter of S137 payments is reviewed and that the accounts are amended as felt necessary.
- Quotes/estimates – three quotes/estimates have been obtained where necessary and in accordance with the Financial Regulations.

Risk Management and Budget Control

- Risk Management Register – in place although last reviewed in 2021 according to the on-line document. I recommend that this document is reviewed by the Council annually, as is required, and that the review date is noted on the website document.
- Play equipment – annual safety checks are carried out by the District Council and regular checks are carried out by volunteers. I recommend that all checks are documented and kept on file.
- Statement of Internal Control – in place and in order.
- General Insurance policy – in place, expiry 1/6/2024, and the details appear to be in order.
- Budget – a budget document is in place and has been used to set the annual precept, the result has been minuted appropriately. Regular reviews against budget have taken place.
- Reserve funds – a listing of reserved funds is in place and the value of 'general reserves' appears to be appropriate for the size of the Council.
- Meeting agendas – appear to be in order.
- Meeting minutes:–
  a) I note that the hard copy minutes have not been fully signed off by the Chairman on the last page, only initialled. I recommend that each page of all final hard copy minutes is initialled and that the last page is always fully signed, as is required.
  b) The Assistant Clerks employment has been briefly minuted but not to the required standards. It is required that the pay scale, contracted hours and employment start date, for example, are documented for transparency reasons and I recommend that this is corrected within the next full Council minutes. The exercise of public rights has been referred to on the minutes but no dates have been input, I recommend that the minutes are more specific going forward generally for transparency and to make referencing past information through the minutes easier.
- Information Commissioners Office (ICO) – membership has been confirmed.
- GDPR Privacy Policy, Publication/Freedom of Information Scheme, Complaints Policy – in place although I note that the website version of the Publication Scheme is headed up 'Publication Scheme and Freedom of Information Policy' and I recommend that this is amended and that the Freedom of Information Policy is uploaded to the website. I also note that the contact details for the Clerk on this policy relate to a previous employee and I recommend that this is amended.
- Committees – I have been advised that there are 2 committees in place, Land/Estates and Finance/HR, and terms of reference documents are held for these. Following a query, I have been told that a Planning Committee is also in place but I have not evidenced terms of reference for this committee and there are no agendas or minutes on the website. I recommend that all committee meeting agendas and minutes are published on the website, as is required.

Employment

- Employees – there are two employees and Contracts of Employment have been actioned.
- PAYE/payroll – dealt with in-house although I recommend that payroll is outsourced to remove the task of the Clerk paying themselves, to remove the scope for error and to spread the risk to the Council. The HMRC on-line tools document viewed holds the name of the previous Clerk and I recommend that this is changed. I note that in November 2023 the Clerk was paid twice, in error, which required correcting. Whilst tax and employer/employee National Insurance is being deducted from salaries, I have not been able to check that the calculations are correct. I recommend that the Council views the HMRC on-line tools system to check the hourly rate, hours worked and percentages of tax and National Insurance being deducted to confirm accuracy.
- Locum Clerk – a Locum Clerk was employed during the year using the correct PAYE process.
- Councillor allowances – 5 Councillors have been paid allowances which have been processed correctly through PAYE.
- Pension – neither employee has a Council pension. I have not been able to check the Pensions Regulator information so I recommend that the Council does this.

Asset Control

- Asset Register – a document is in place, has been kept updated and uploaded to the website. I would, however, query whether the Chairman's regalia and the new defibrillator (both purchased in May 2023) have been added as I have been unable to locate these entries. I recommend that the document is double checked by the Council for accuracy.

Banking and Bank Reconciliations

- Bank reconciliations – regular reconciliations have been carried out and checked by the Finance Committee. I have managed to agree the bank reconciliation dated 31st March 2024 as accurate. Authorised signatories – there are 5 authorised signatories currently which is appropriate.
- Internet Banking – used. All payments are listed and published and the Finance Committee spot checking payments on a regular basis for accuracy. The process appears to work well.

Year End

- Year-end 31/03/2023 - the External Auditor returned the AGAR due to incorrect completion. I recommend that the Council thoroughly checks all audit documentation prior to sign off and submission for accuracy.
  I note that the AGAR Section 2 form was not fully completed as boxes 11a and 11b were left blank. I recommend that the requirement to complete all boxes, whether relevant to the Council or not, is carried out and that the Council checks that all boxes have been completed on all AGAR documentation prior to sign off and submission.
  The External Auditors completion of audit report does not appear on the website as is required. I recommend that the Council checks that it has complied with all the publication requirements going forward. Due to this I have had to mark the AGAR internal audit report accordingly.
- Public Rights 2023 – whilst the dates noted on the document are accurate, the completed form does not appear on the website, as is required, and so I recommend that the Council checks that it has complied with the publication requirements going forward. Due to this I have had to mark the AGAR internal audit report accordingly.
- Year-end to 31/03/2024 – the Clerk is currently dealing with the documentation which the Council should check for accuracy prior to sign off and submission. All AGAR boxes should be completed, whether relevant to the Council or not, and this includes the Trust related boxes. Also, the requirement is that no 'pence' should be shown on the AGAR.

Summary

It is my opinion that the Council has followed proper practices, in general, during the past year and that it has good systems of internal control in place. I have made some recommendations within this report which, if actioned, will support the lowering of risk to the Council going forward.
I was pleased to see that the Clerk has registered to take ILCA as I feel will be of great benefit to both the Clerk and Council.

Alison Marshall – April 2024